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NEWS SUMMARY

GENERAL

Dispute to hit Ulster jails

Industrial action by prison officers involved in a dispute over meal-break payments is to be extended to eight Northern Ireland jails.

The decision was taken after the men's union had failed to persuade the Home Secretary to recall the committee of inquiry into the Prison Service. Page 12

Civil Service unions are planning protest meetings following the Government's decision to suspend the comparability-based agreement covering all 550,000 white collar civil servants. Back Page

E. Germany to curb travel

Travel between East Germany and neighbouring Poland is to be severely restricted in an attempt bf the Germans to keep out "counter-revolutionary" and anti-Socialist" influences in Poland represented by the new Polish trade union movement.

In Gdansk, the Polish Deputy Premier met union leaders who are threatening strikes against the political charter imposed on their movement. Page 2

Setback for Bill

Government plans to force local authorities to absorb profits from money-making undertakings into town hall funds were defeated in the Lords. Parliament Page 12

Poll goes ahead

Moves by Labour's Left wing to delay the election of a new party leader were heavily defeated. The first ballot will start today. Parliament Pag.

New Shah

Iran's deposed royal household, in exile in Cairo, said the late Shah's eldest son would be proclaimed the new Shah on Friday, his 20th birthday.
Unhurried Majlis Page 5

Tekere claim

Edgar Tekere, the Zimbabwe Minister charged with the murder of a white farmer, said one of his bodyguards committed the killing in self-defence. Zimbabwe's recovery, Page 3

'Romans' decision

The Director of Public Prosecutions has decided against taking legal action against the controversial stage play The Romans In Britain, but Mrs. Mary Whitehouse said her National Viewers' and Listeners' Association might apply for consent to bring a private prosecution.

Threat to prices

Dearer petrol, alcoholic drinks, and phone and postal charges are proposed in an economic package expected to be approved by the Italian Cabinet. Page 2

Stick 'em up

Armed raiders escaped from a Blackpool jeweller's with gold and diamonds worth about £10,000 after daubing a "superglue" on the hands of two shop assistants and sticking them together behind their backs.

Briefly . . .

Four policemen and a policewoman were killed in a Belfast road accident.

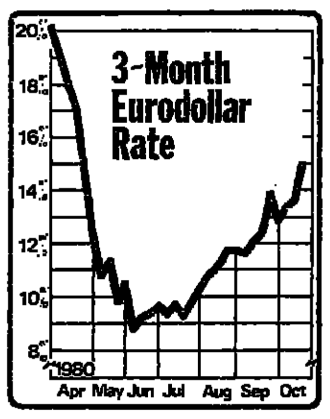
Ladbrokes made ITN the 5-2 favourites to win the national breakfast-time Independent Television contract.

Police opened fire on anti-immigrant demonstrators in north-east India.

BUSINESS

Euro $ rate up 1 point; $ firm

● THREE-MONTH Eurodollar rate rose a full percentage point in 48 hours. Straight dollar bonds shed about 1¼ points. Page 25



● DOLLAR rose to a six-month high against the D-Mark, finishing at DM 1.8930 (DM 1.8795). Its trade-weighted index rose to 85.4 (85.1). Page 23

● D-MARK fell to its lowest permitted point against the French franc, forcing the Bundesbank to sell FFr 31m. Page 23

● STERLING lost 15 points to close at $2.4360. Its index was unchanged at 78.9. Page 23

● GOLD fell $4 in London, to finish at $631.5. Page 23

● EQUITIES indices reaching all-time highs were: FT-Actuaries Oil index, up 2.1 to 994.65: 500-share index, up 0.7 to 319.83: All-Share index, up 0.7 to 302.[illegible]: Electricals, to 949.62. The FT 30-share index slipped 0.6 to 495.5. Page 30

● GILTS were drab, losing 0.18 to close at 71.53. Page 30

● WALL STREET was 2.13 up at 933.87 near the close. Page 28

● STANDARD AND POOR'S downgraded Ford Motor Company's main debt from AA to A and its subordinated debt from A to BBB, the second rating reduction this year.

● ROBERT FLEMING, City merchant bank, was admitted as a member of the Accepting Houses Committee. Page 7

● UNANIMOUS EEC vote for compulsory curbs on steel output, is likely tomorrow, after new proposals to overcome Bonn's objections to the scheme. Back Page

● IATA asked Trade Secretary John Nott to let the British Airports Authority borrow on the open market to pay for airport developments. Back Page

● WHITBREAD, the brewing group, was trying to save an $18m (£7m) deal to acquire just over half of Sogrape, Portuguese maker of Mateus Rose and Vinho Verde wines. Back

● XEROX, U.S. copier maker, and its UK affiliate Rank Xerox filed an $84m (£34.48m) suit against Iran in New York, alleging expropriation of a company. Back Page

● U.S. STEEL'S third-quarter protfis fell 61 per cent to $32.6m (£13.79m) from $86.5m. Net profits for the first nine months dropped 16 per cent to $314.5m.

● AMAX, U.S. diversified natural resources group, earned $381.7m (£156.69m) in the first nine months, $16.7m more than the record result for all of 1979. Page 22

● TOZER KEMSLEY and Millbourn (Holdings), international trading and finance group, reports first-half pre-tax profits down at £4.57m (£6.98m), but is maintaining the net interim dividend. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Avon Rubber	93	+ 6
BICC	174	+ 10
Barclays Bank	470	+ 10
Bejam	116	+ 5
British Car Auction	78	+ 3
Campari	66	+ 6
Comet Radiovision	112	+ 10
Cornell Dresses	78	+ 6
Cray Electronics	90	+ 10
Currys	277	+ 11
Dixons Photographic	142	+ 7
GUS A	484	+ 10
Horizon Travel	370	+ 12
London United	210	+ 17
Matthews (B.)	250	+ 20
Mining Supplies	135	+ 5
OK Bazaars	810	+ 80
Polly Peck	152	+ 6
Prince of Wales Hotels	73	+ 6
Raybeck	75	+ 4
Rush & Tompkins	232	+ 4
Sainsbury (J.)	580	+ 20
Stewart Wrightson	222	+ 7
Tern-Consulate	41	+ 7
Aran Energy	325	+ 55
BP	476	+ 12
IC Gas	332	+ 16
Tricentrol	418	+ 12
Ultramar	490	+ 12
Central Pacific Mines	460	+ 15
Cultus Pacific	37	+ 7
Southern Pacific Pets.	176	+ 6
FALLS		
Grindlays Bank	162	− 8
Lucas Inds.	178	− 5
Unilever	460	− 10
Kitchener Mining	345	− 25

Gulf war brings prospect of mounting oil costs

BY SUE CAMERON IN LONDON AND LESLIE DE QUILLACQ, IN KUWAIT

CONSUMING COUNTRIES are faced with the prospect of higher oil import bills and a possible mounting of prices as a result of the shortfall in supplies resulting from the Iraqi-Iranian war.

This became clear yesterday as Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, began talks in London with the four big U.S. compaines operating Saudi Arabia's oilfields.

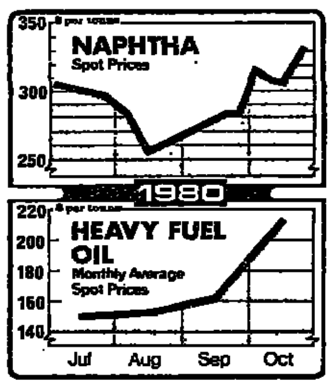
Discussions centrede on distribution of increased output of at least 500,000 barrels a day above the 9.5m b/d originally set for the last quarter of 1980, before the Gulf conflict halted 4m b/d of exports from Iraq and Iran.

Saudi Arabia wants to charge $32 for her incremental supplies of Arabian Light, compared with the official selling price of $30 set for the last quarter of 1980.

At the same time, Kuwait is understood to be demanding a $5-a-barrel premium on extra production because of the war.

On the spot market, prices have started to rise sharply, especially for naphtha and heavy fuel oil.

The Saudi decision could be seen as a step toward realignment of crude prices that the



Organisation of Petroleum Exporting Countries' conference in Vienna last month failed to achieve. But the effect would be to upset the element of stability achieved since June.

The growing shortfall in supplies since the war started is unlikely to be covered by increased exports from Saudi Arabia, Kuwait, the United Arab Emirates and Qatar.

Increased demand pressures will make it easier for the North African and North Sea producers to maintain big differentials that have been a major obstacle preventing OPEC's agreeing on a unified price structure.

The rise of spot market prices for crude and products is also likely to stimulate the producers' demand for higher receipts.

Oil company experts fear that the premiums charged for extra supplies might encourage higher prices throughout the industry.

Sheikh Yamani met representatives of Exxon, Standard Oil of California, Texaco and Mobil yesterday. Discussions were understood to centre on the allocation of the incremental production on a country-by-country basis.

It appears that there is still some flexibility in the Saudi position so far as maximum output level is concerned. Though the preferred Saudi ceiling is 10m b/d, she may still be prepared to pump at the rate of 10.4m b/d sustained in the first two weeks of October of required to make up the deficit on the market.

Efforts to co-ordinate increased supplies for countries hit by the war are also being helped by Sheikh Ali Jaber al Ali al Sabah, marketing chief of the Kuwait Petroleum Corporation, and Ramzi Salman, his Iraqi counterpart.

States to receive a share of the increased output are Brazil, Turkey, France, Japan, Italy, Yugoslavia, Greece and Morocco.

Kuwait is prepared to raise her production to 1.75m b/d, above the official ceiling of 1.5m b/d, or about 400,000-450,000 b/d more than the rate for the second and third quarters of 1980.

The UAE is increasing offshore output by 50,000 b/d exclusively for the French market, while Qatar is to contribute 20,000 b/d.

At least part of Kuwait's extra crude is believed to be on offer at a $5 premium above its official selling price of $31.50 for its relatively heavy, sulphurous crude.

A significant proportion of Kuwaiti oil committed under contracts concluded in the spring is charged at this rate.

It is understood that a number of oil companies have refused to do a deal on the basis of a $5 premium. But Shell, which takes around 40 per cent of its UK oil requirement from Kuwait, is apparently looking

Continued on Back Page
Iraqi hopes, Page 5; N. Sea drilling forecast, Page 8; Rank Xerox sue Iran and Saudis break with Libya, Back Page

CBI renews plea on interest rates

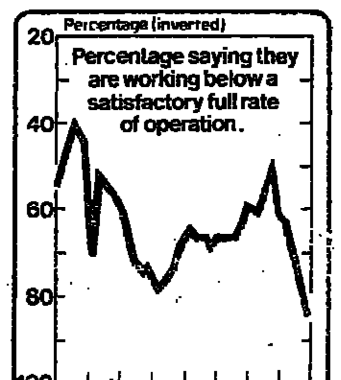
BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CALL for the Government to take a "calculated risk" and cut interest rates by a substantial amount is issued today by the Confederation of British Industry which has published its "blackest ever" survey of industrial trends.

Despite a reduction in the declines in business confidence, order books and output, the recession is still biting so deeply into manufacturing industry that Sir Terence Beckett, the CBI president, declared: "This is our blackest survey ever and we have not touched bottom yet. There is worse to come." In one of the most outspoken attacks on the Government yet made by the CBI, he said: The Government should reassess its attitude and "weigh the risks of not cutting interest rates."

A cut of 4 percentage points was needed in Minimum Lending Rate to bring sterling down from its "crazy level." A cut of only 1 or 2 percentage points might boost foreign confidence and increase the value of sterling.

The CBI's survey shows that many key industrial indicators are now standing at their worst ever levels. "We are now having



to look to pre-war experience for parallels," said Sir Terence.

Companies are reported to be shedding labour faster than at any time in the past 20 years. The CBI's economists estimate ha he number of people employed in manufacuring indusry will drop by 180,000 (out of 6.5m) in the four months to the end of January. This is roughly the same decrease as occurred between May and August.

Investment in the private sector of manufacturing industry is now forecast to decline by more than 10 per cent next year. The CBI also esimates that increases in the value of sterling by the end of last week mean that the UK's relative unit cost competitiveness is 60 per cent worse than in 1975.

"Project after project is being rejected by companies and many other businesses are closing down. The longer the Government delays, the longer the dole queues will grow," said Sir Terence.

He also attacked defence chiefs who are resisting cuts in their spending budgets. Despite the fact that such cuts will reduce orders for manufacturing industry, Sir Terence said that the defence chiefs should accept they were needed to bring down public spending and make it possible for the Government to defend the basic industrial resources of the country.

The survey was conducted during the first half of this month and does not reflect the impact of the latest increases in the value of sterling. Nevertheless the survey showed that, for the first time since 1967, more companies are reporting cuts than increases in their export prices as they try to win orders abroad.

Companies are beginning to be successful in their efforts to reduce stocks, and a record number expects further reductions in their stocks during the next few months. "This is only the beginning of de-stocking," Sir Terence said.

Capacity utilisation of factories and machinery is now worse than at any time since the CBI started covering this subject in 1958. About 84 per cent of the 2,000 manufacturing companies covered in the survey have said that they are working below a satisfactory full rate of operation.

The overall gloom is slightly lightened by the reduction in some rates of decline, particularly of orders and output. But CBI leaders were anxious to play this down yesterday. They do not want to undermine their attempts to swing the Government's policies at a time when there is no actual improvement in the trends—only a slight levelling off of the rate at which industry is being hit.

Continued on Back Page
Details, Page 23 Lex, Back Page

Cabinet set for row over cuts

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

THE BATTLELINES were set yesterday for a major row in the Cabinet over public expenditure cuts.

Despite signs of growing anger among spending ministers about the prospect of further large cuts in programmes, the Prime Minister reaffirmed the Government's determination to stick to the totals for public spending laid down in the medium-term plan published in the spring.

Sticking to the plan will mean further big cuts on top of the £1.5bn already agreed for next year because of the increased demands on the Exchequer demanded for next year.

But the bleak message yesterday from Mrs. Thatcher was that interest rates would come down only once public spending was back on target.

Interest rates, she told the Commons during the first Prime Minister's question time since the house returned from recess, could not be brought down while borrowing remained so high in both the private and public sectors.

Conservative MPs already uneasy about the effects of the recession took this as a signal that the much hoped for cut in minimum lending rate was still some way off, and contingent on the Treasury getting its way over public spending.

Mrs. Thatcher's unequivocal reaffirmation of the need to stand by the medium-term strategy follows an increasingly bitter series of meetings between the Treasury and spending departments.

It comes after a clear hint from Mr. Frances Pym, the Defence Secretary, earlier in the Commons, that he, at least, was not prepared to make the further cuts being demanded by the Treasury as part of its drive to keep total Government spending next year down to the levels previously agreed.

Asked about reports that the Treasury wanted £500m off planned defence spending for next year, Mr. Pym said no decision had yet been taken. He stressed that the Government remained "absolutely committed" to the Nato target of increasing defence spending by 3 per cent a year.

The Treasury's demand for a £500m cut could lead to an actual fall in defence spending next year. Mr. Pym made it clear that he would be unable to accept this.

The Government, he promised to cheers from Tory ight-wingers, would spend more on defence next year than this. MPs took this as a clear intimation that, if the Treasury forced his hand, he might have to resign.

Since the medium-term plan was published, the Treasury has had to revise its estimates of projected spending next year because of the depth of the recession. The additional cuts needed to keep spending on target could amount to as much as £1bn.

The Department of Defence has already had its cash limit for this year increased but it still seems to be overspending. Even so Mr. Pym said yesterday that the moratorium on all new spending, imposed just under three months ago, would be lifted shortly.

In its place, would be a "strict regime" which would leave the Ministry with a little more flexibility over spending.

Trident spending Page 10
Parliament Page 12
Editorial Comment Page 18

CONTENTS

For latest Share Index 'phone 01-246 8026

BL switching plants for planned model

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS, buoyed by the successful launch of the Metro, has decided to switch the £200m investment in a planned middle-range car, the LC-10, from Longbridge, Birmingham, to Cowley, Oxford.

The company said last night it was "confident" sales of the Metro and the Mini would be sufficient to fill the current Longbridge capacity of 6,500 vehicles a week.

The LC-10, scheduled to take up the slack at Longbridge, will be assembled at Cowley, giving greater job security to the 15,000 employees in the Oxford area.

The Metro had sold about 3,500 models and taken nearly 4 per cent of the UK market for this month within six days of its October 14 launch.

The existing Mini, according to unofficial figures circulating within the motor industry, is also performing strongly, taking nearly 5 per cent of the 80,000 UK car registrations in the first 27 days of this month.

The dramatic penetration by BL's small cars has pushed the state-owned company's market share to 23 per cent, compared with Ford's 27 per cent.

This will undoubtedly strengthen BL's case, contained in the 1981 corporate plan submitted to the Government this week, for additional funds to the original £1bn of state finance.

The decision to switch production of the LC-10 to Cowley could also be politically important. It demonstrates a more expansionist policy and the intention to maintain employment in the Oxford area, which is heavily dependent upon BL.

There was also good news for BL yesterday on the industrial relations front with the decision by the four white collar unions to recommand an end to a potentially damaging overtime ban by the 22,500 employees.

The action was taken in protest at a management decision to implement 3,300 compulsory redundancies as part of a plan to reduce overheads substantially.

BL has agreed to defer the redundancies by six weeks to January 5 next year to give staff more time to find alternative employment. But the deadline of March 31 for completion of the redundancy programme remains.

The climb-down by the white collar unions, who were seen as a more serious threat to production than the manual workers, marks another breakthrough for BL.

Shop steward s representing 73,000 manual workers will hold mass meetings today recomending strike atcion in pursuit of an improvement to the company's 6.8 per cent pay offer.

While workers at plants like Longbridge are likely to give support, the call is expceted to expose the divisions between factories and between the unions.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, yesterday refused to be drawn on the strike issue. But his union is known to believe that BL has been pushed to the limit and no more money is available.

A factor influencing the decision to re-locate the LC-10 at Cowley is the investment already on the way in preparation for launch of the Bounty—to be produced in collaboration with Honda of Japan—next autumn.

More than £40m has been committed to the project and another £42m is being spent on a new paint plant at Cowley.

Ford plant stops, Page 12

Reed loses £14.5m in UK

BY WILLIAM HALL

REED INTERNATIONAL, Britain's biggest papermaker, lost £14.5m on its papermaking and wall-covering operations in the UK in the six months to the end of September. The losses include £5m of rationalisation costs.

The heavy losses in UK papermaking are one of the main reasons why the group's first-half pre-tax profits have fallen by 46 per cent to £27m, compared with the same period last year. The results were also hit by industrial action by journalists and print workers which cost £12m in the first quarter.

First-half operating profits

Continued on Back Page
Details Page 20
Lex Back Page

£ in New York

—	Oct.27	previous
Spot	$2.4365-4375	$2.4420-4440
1 month	0.53-0.48 dis	0.56-0.51 dis
3 months	1.30-1.25 dis	1.35-1.30 dis
12months	1.90-1.70 dis	2.00-1.85 dis

Italy set to raise petrol, postal and drink prices

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government is expected to increase the price of petrol by up to 11 per cent as part of an economic package designed to achieve a substantial cut in domestic consumption.

The price may rise by as much L80 .3.5p) per litre from its present price of L700 (32p) a litre. Other public changes, including telephone and postal charges, alcohol duties and a host of valueadded tax rates will also be increased.

The Cabinent is expected to approve the package immediately after the upper house of Parliament, the Senate, passes a vote of confidence in the new Government.

The need for moves to dampen the domestic economy, which is still relatively buoyant, has if anything been heightened in the weeks since the last government of Signor Francesco Cossiga fell on September 27.

Despite emergency moves then to shore up the lira, including a jump in bank rate to 16.5 per cent, external pressures on the economy have been intensified by subsequent foreign exchange market developments.

In the past month the dollar has risen against the lira by around 8 per cent (to almost L900), meaning that the cost of key imported raw materials, especially oil, has become even more onerous. At the same time the weakness of the Deutsche mark has undermined the relative competitiveness of the lira both within the EEC and in important third country export markets.

Sig. Cossiga: Price rises follow his fall.

These developments have made an early formal devaluation of the lira extremely unlikely, as such a move would only add to import costs while guaranteeing little extra edge for Italian exports.

While emphasising yesterday that L780 per litre would be no more than a reasonable price for petrol, Signor Giovanni Theodoli, head of Italy's oil company association, stressed that no special cause for alarm existed in the short term on the supply front.

Despite the Iran-Iraq war, which has led to the loss of around 17 per cent of Italy's normal oil supplies, Sig. Theodoli made it clear that high stocks and a diversified sources of supply meant that the country should encounter little immediate difficulty in gaining the oil it needed.

Sig. Theodoli also had soothing words on the latest scandal to shake the country, involving alleged tax fraud by oil industry operators in northern Italy, particularly the Veneto region, with the supposed connivance of leading local politicians.

Only small scale concerns were involved, he said. His remarks coincided with a flat denial from Sig. Antonio Bisaglia, the Industry Minister who is also Veneto-based leader of the influential "Doroteo" faction of the Christian Democrat party. He said he had not been involved in any way with the alleged irregularities.

French to aid textile industry

By Terry Dodsworth in Paris

THE FRENCH authorities are to draw up aid plans for the country's hard-pressed textile industry in the next three months, aimed at pumping public funds into a large-scale reorganisation and modernisation programme.

Talks have begun with textile manufacturers on the methods to be employed, following mounting unemployment in the industry.

The industry has been hit by a fall in domestic consumption, a decline in French competitiveness overseas, and rise in cheap imports.

The French authorities are aiming at European action to halt the rapid growth in the sale of U.S. artificial fibre products in Europe, based on cheap feedstocks. But in the rest of the industry, where most of the present redundancy is biting, the emphasis will be on giving the industry a more competitive structure.

The Government has two main instruments available to achieve its aim of restraining the decline in the industry's 950,000 labour force by between 3 and 4 per cent up to 1985.

One of these is a system of grants and aids for developing strategic industries known as CODIS. The other is the CIDISE system of financial aids for helping investment

Polish Minister flies to Gdansk talks

WARSAW — Mr. Mieczyslaw Jagielski, Poland's Deputy Prime Minister, flew to Gdansk yesterday for urgent talks with free trade union leaders to head off threats of new strikes.

The official Interpress news agency said Mr. Jagielski met leaders of the Solidarity union in the Lenin Shipyard to discuss complaints that a political carter was imposed on the movement when it was legalised by a Warsaw court last Friday.

The Lenin Shipyard was the headquarters of the labour revolt in northern Poland last August and it was there that Mr. Jagielski signed an agreement with Solidarity leaders which led to the creation of the Soviet bloc's first independent unions.

He has since met Mr. Lech Walesa, Solidarity's leader, in Warsaw and is regarded by the union's leader as the most approachable senior Minister. On Monday Solidarity asked to see Mr. Jozef Pinkowski, the Prime Minister, to discuss their grievances and warned that strike action would be considered if he did not satisfy their demands.

The regional representatives of Solidarity's 6m members have been engaged since Monday morning in heated debates over the tactics they should adopt. They have roundly condemned the action of the court, which legalised the union but unilaterally wrote clauses into its statutes binding it to recognising the supremacy of Communism and curtailing the right to strike.

Moderates, including Mr. Walesa himself, were reported to have come under strong pressure from militants to call an immediate strike to force the authorities to reverse the court's action.

Reuter

Leslie Colitt adds from Berlin: The official unions of Eastern Europe have begun a two-day conference in East Berlin at which they will discuss how to prevent the rise of independent unions similar to those in Poland. The conference was arranged at short notice by the Soviet Union, East Germany and Czechoslovakia, the three Communist countries which feel most threatened by the independent Polish unions.

A delegation of the official Polish Central Council of Trade Unions is taking part and has described the steps it has taken to try to regain the confidence of workers.

A main topic will be the role of the official unions in helping carry out the Communist party's economic and political decisions and in "strengthening the Socialist community of states."

Brussels to draw up fish quota proposals

BY JOHN WYLES IN LUXEMBOURG

EEC FISHERIES Ministers yesterday charted a course for the most difficult part of their quest for a common policy—the negotiations on sharing out the fish in Community waters.

While making steady progress on other aspects of the policy, the Nine up to now have steered clear of this issue which could yet wreck their entire effort. But, with the Community's self-imposed deadline an agreement by the end of the year looming large, Ministers yesterday ordered the Commission to produce formal quota proposals as a basis for inevitably hard bargaining at their next Council on November 17-18.

At the Commission's request they also set up a special working group of senior officials to give the Commission statistical advice and, possibly, political guidance.

At the same time ,the Nine maintained recent momentum by reaching broad agreement on the EEC-wide system of log books and catch-reporting that will be necessary to ensure that quotas and conservation rules are being obeyed.

Fearing that its compliance would be more faithful than some other member states, the UK made its agreement conditional on the Commission producing a convincing plan for monitoring fishermen before negotiations are completed.

It was clear from yesterday's discussion that most member states want the Commission's formal quota proposals to be more generous to their fishermen than three sets of "indicative" figures produced by Brussels this year with the aim of forcing the Nine to be more precise about their demands.

Each set of figures has greatly upset Britain's fishing industry by allocating around 31 per cent of the "total allowable catch" to the UK, instead of the 45 per cent the industry demands.

Britain, France, West Germany and several other delegations insisted yesterday that some national quotas could be increased by demanding a sacrifice from Denmark.

Finally, Mr. Walker secured the Commission's agreement that the question of access would be linked to the quota negitiations. The UK wants the 12-mile exclusive limit to be retained together with special preference for its trawlers between 12 and 50 miles.

Diana Smith gives her impressions of Portugal on her return from Brazil

Change for the better in Lisbon

REVOLUTIONS AND Governments may come and go, the cockerels of Lisbon remain, heralding the dawn several hours before sunrise from thousands of patios, backyards, rooftops or verandahs.

This noisy, disorientated brotherhood has disrupted the sleep of the *Lisboeta* for centuries. But some things have changed in Portugal in the two and a half years I have been away in Brazil.

The political posters still deck every inch of wall space on the streets. The faces are the same—but today they seem more part of the scenery than part of life.

In early 1978, the essence of Lisbon was parading, protesting, slogan-chanting, strikes at the drop of a catch-phrase, political rhetoric and economic gloom.

The Socialist Party of Sr. Mario Soares was in a state of flux from left to right, in search of momentary allies to prop its parliamentary tenure.

Shops had run short of food and consumer goods. Imports were fiercely controlled by an International Monetary Fund austerity package. The gold reserves were pledged to cover the foreign debt, and those people who declined to politick were either bewildered, resigned or cynical about Portugal's chances of economic survival.

Today, small and medium-sized shops or large department stores are well-stocked. Restaurants, cheap and cheerful or expensive and elegant, are enjoying good business, and their menus have lengthened.

So have the bills. In the cheap and cheerfuls, where a three-course lunch with half a bottle of wine used to cost about Esc 150 (£1.20), the bill now comes to Esc 350 (£3.00).

Productivity deals

But minimum wages have risen from Esc 6,000 (£50) a month in early 1978 to Esc 9,000 (£74.50) a month now. With tax and pension concessions, purchasing power has increased considerably.

Coming from Brazil, where natural resources abound but are not yet properly used, and where more than half the population is lucky to earn the national minimum of Cr 4,000 (£33) a month—while inflation rampages at over 100 per cent a year—Portugal is an interesting contrast. It is no mean feat, in these days of oil crises and unstable international economies, to reduce inflation from 25 per cent to 19 per cent a year as the Sa Carneiro Government has done, despite reliance on imports for half the nation's food, all its oil, and much of its essential equipment.

Moreover, Portugal is short of all but a small quantity of essential minerals. On the other hand, it has two assets denied to Brazil—thriving tourism and even more thriving emigrants' remittances which flesh out invisibles and, this year, should hold the payments deficit to about $34m, despite a foreign debt of some $6.5bn. This compares with a Brazilian foreign debt of $55bn. and a payments deficit of $12bn.

Even in the most agitated days of the revolution, the Portuguese never lost their sense of wry humour, their warmth and dignity, or their gift for expressing themselves articulately. In calmer times, those virtues are even more evident, and there is an impressive sense of a community trying to resolve its inherent economic or social difficulties.

Soap operas

Nowadays, the most popular television programmes in Portugal are imported Brazilian novelas — mind-bogglingly complicated soap operas which run for 190 episodes at a time. The Portuguese television-watchers do not jeer at the Portuguese-of-Brazil accents which inundate their home screens.

During the run-up to the October 5 general election, Lisbon's noisy cockerels faced serious competition. Twenty-four hours a day, political enthusiasts careered about the city in gaily decked cars, hooting their horns and playing party songs in blithe defiance of the by-laws banning night noise, while sleepless adults swore and sleepless children sobbed.

And once the centre-right Democratic Alliance had won its resounding victory over the Socialists and Communists, its zealots went on careering, hooting and yelling for a full 48 hours more.

With petrol costing Es 45 a litre (£1.50 a gallon), it seemed rather a profligate way to celebrate, not to mention the risk of losing the mother vote when the Alliance's presidential candidate, Gen. Antonio Soares Carneiro, runs for election in December.

A friend, struggling to pacify her insomniac son with warm milk, ear plugs and toffees, said: "I voted for the Alliance, but if they don't stop this racket I shall think again in December."

Foreign investment surge as stability returns

Foreign investment in Portugal has trebled in the short space of two years, from Esc 2bn (£16m) in 1978 to Esc 6bn (£48m) at the end of last month.

By the end of the year, Vaz Pinto, president of the Foreign Investment Institute, investment and reinvestment will total Esc 7.5bn (£60m)—or 76 per cent more than the total at the end of 1979.

The growing sums brought into or retained in the country by foreign concerns clearly reflect greater confidence in the Portuguese economy, and the impression that political stability is growing.

All but the hardiest foreign investors avoided Portugal during the unpredictable revolutionary period of 1974-76. But in the past 12 months, inquiries and applications have turned from a trickle into a steady flow.

Foreign businessmen, especially from the EEC countries, are looking increasingly for Portuguese partners in joint ventures and a diligent labour force prepared to learn new skills.

The Government has established priorities for investment in basic industries—mechanical, electrical and chemicals—and a new growth area, food processing.

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Spain heading for £2.25bn current account deficit

BY ROBERT GRAHAM IN MADRID

SPAIN'S BALANCE of payments is moving further into deficit than originally anticipated and at the year end will be over £2.22bn. This conclusion was reached here after newly released payments figures for the first seven months of 1980 showed a current account deficit of $3.9bn.

Throughout the year the anticipated size of the balance of payments deficit has grown. At first Spain was expected to end the year with a $2.5bn deficit on current account. By April this hadw changed to $3.5bn and by the onset of the summer the estimate was being raised to $4.5bn.

Officials say the basic reason for the change has been the increased cost of energy imports.

However, the decline in the value of the peseta against the dollar, the main trading currency, and delays in payments for exports are also believed to have played a part in raising the deficit. At the same time tourism receipts have been disappointing, even though thehe was an improvement in July.

The sharp deterioration in Spain's payments position can be measured against the small $165m deficit in the January-July period last year. The trend is thought unlikely to stabilise in the immediate future.

Trade figures for the first eight months — including August—show a 128 per cent increase, with a peseta deficit of Pta 593bn ($8bn).

The main uncertainty now concerns energy

Reserves peaked in August at $13.2bn and in September dropped back to $12.9bn. The $317m drop was not so substantial as the $600m drop in March, but the reserves are unlikely to climb back to the $13bn mark, their level at the end of 1979.

Over 11,000 arrested since Turkish coup

BY METIN MUNIR IN ANKARA

THE MILITARY authorities in Turkey have arrested some 11,500 people since the army seized power in a bloodless coup last month in an attempt to prevent civil war. This was revealed yesterday by General Haydar Saltik, secretary general of the five-member military leadership, at a news conference for foreign correspondents.

Gen. Saltik said 6,900 people were under arrest, 3,900 were in detention while their cases were being examined, and 746 had been sentenced by martial law courts.

Apart from a large number of suspected terrorists, those detained are believed to include hundreds of trade unionists. The entire union leadership and many members of two extreme right-wing parties are also in jail.

Gen. Saltik reiterated that a constituent assembly would be established to draw up a new constitution and laws but refused to give a timetable for the restoration of democracy.

"Our aim right now is to uproot terror and mend the economy," he said.

He also revealed that Mr. Suleyman Demirel, the ousted Prime Minister, and Mr. Bulent Ecevit, the main opposition leader, would be allowed to resume their political careers once the ban on politics was lifted.

On Monday, Gen. Kenan Evren, the chief of staff who became head of state after the coup, and his colleagues gave themselves absolute powers to run the country.

Mr. Demirel: back to politics eventually.

Haughey meets employers

DUBLIN — Mr. Charles Haughey, the Irish Prime Minister, yesterday met employers leaders who are angry about a new national wages plan which gives a total of 16 per cent pay increases over 15 months. The agreement was overwhelmingly approved last week by the Irish trade unions.

The Federated Union of Employers, who have doubts about the plan, are angry at Mr. Haughey's personal intervention in negotiations and they believe the cost of the deal will hit exports.

For Mr. Haughey, winning all-round acceptance is vital. Next week he faces his first by-election since becoming government leader almost a year ago.

After hearing from the Prime Minister the employers will make their final decision on the pay plan tomorrow.

Agencies

Mugabe's first six months have gone better than expected write **Tony Hawkins** and **Michael Holman**

Zimbabwe recovering but unease remains

WHEN the grey-haired, slightly stooping gentleman entered the VIP lounge at Salisbury Airport he was cordially greeted by the senior Government officials waiting to meet a visiting Mozambique delegation.

He explained that he was flying to South Africa for a few days before setting off to the United States, where he felt he would be uniquely placed to persuade the Right-wing lobby of Senators and Congressmen that Zimbabwe deserved more aid than it was getting.

Before catching his plane, Ian Douglas Smith was introduced to the incredulous Mozambique visitors, whose country was regularly pounded by Rhodesian bombers until last December's Lancaster House settlement which ended the seven-year war.

The former Prime Minister is now a back-bench MP, one of 20 in the 100-seat Parliament. While occasionally critical of Mr. Robert Mugabe's Government, he has advised his fellow 200,000 whites to stay on. Among them are some key figures in the new administration.

The former Head of Intelligence under Mr. Smith holds his job, and is said to be much valued by the Prime Minister. The operator of a sanctions busting fleet of aircraft is Air Zimbabwe's official cargo carrier.

Ian Smith's press officer is in Mr. Mugabe's office, while the recently appointed Permanent Secretary in the Ministry of Information is an ex-District Commissioner. A senior Treasury official who masterminded economic policy in the UDI years is as influential as ever—Zimbabwe's first Budget was described by one diplomat as "somewhat to the right of Geoffrey Howe."

Government Ministers, angry and puzzled by some gloomy foreign press reports portraying Zimbabwe as a country on the verge of chaos, cite these examples and wonder out loud whether there is a precedent for such collaboration between former enemies. Although 14 people have died and perhaps 300 have been injured in political violence since independence, the figures are small compared with the loss of 25,000 in the war.

There are other post-independence statistics which get less attention than the sporadic violence—a legacy of a war which left 100,000 unregistered firearms in circulation. When the present Government came to power, for example, about 800,000 black children were at schools. The figure today is 1.3m and most of the schools which had closed by the end of the war have reopened.

The economy is also doing better than expected—but there are grounds for unease about Zimbabwe's future.

Landless peasants and returning refugees expect to be given land. There is a shortage of skilled workers, which has been exacerbated by the high level of white emigration. And transport links are slow and unreliable.

But one fundamental issue eclipses all others: two guerrilla armies remain, and their political masters pursue an often bitter rivalry.

When the ZANU-PF (Zimbabwe African National Union—Patriotic Front) Party won 57 of the 80 black seats in last February's General Election, Mr. Mugabe established a broad-based Cabinet, appointing two whites and four members from the Patriotic Front (PF), including Party President Joshua Nkomo. The Prime Minister's constant theme has been "reconciliation," both between black and white, and in the divided black community. Unfortunately ZANU-PF and the PF appear as far apart as ever.

In the early 1960s, when tensions came to a head rival supporters used petrol bombs and cudgels. Today sophisticated rifles and mortars are in the hands of about 25,000 guerrillas, roughly one-third Zipra (Zimbabwe People's Revolutionary Army), loyal to Mr. Nkomo, and two-thirds Zanla (Zimbabwe African National Liberation Army), followers of Mr. Mugabe. Most remain bored and frustrated, in the remote assembly places selected for the ceasefire.

Many observers fear that unless these men are either disarmed or integrated into one army there is potential for violent clashes.

But it appears that the guerrillas will neither surrender their weapons nor work on the land. "Operation seed" — soldiers employed in economic development — has effectively failed.

In spite of official protestations to the contrary, there are many question marks surrounding efforts to integrate the two armies. The National Army, trained by 130 British officers, is only 2,500-strong and many observers believe the political divisions between Zipra and Zanla have only been papered over.

The key question in the months ahead will be whether the National Army can prove itself. It will have to work alongside a police force whose morale is low — about 40 per cent of the white members are said to have resigned. Yet these two forces will have to cope with a party rivalry exacerbated by next month's local elections.

Speaking in his home town of Buawayo recently, Mr. Nkomo demanded the postponement of the poll, alleging widespread intimidation and irregularities in the registration of voters. The plea is unlikely to be heeded by the Government, but Mr. Nkomo's warning that the PF "cannot stand idly by" does not augur well.

Hugh Routledge

Next six months will demand best of Mr. Mugabe (right) and Mr. Nkomo (left).

Land remains a fundamental issue in the country's politics. Near Umtali 4,800 acres of what had been white-farmland was bought by the Government earlier this year. It was to be resettled by 417 families. But by the time the 14,000 applications had been processed, 500 squatters had occupied the land with the acquiescence of local ZANU-PF officials.

Whether there will be a hasty landgrab or orderly settlement will greatly depend on the capacity of ZANU-PF to exercise its authority at the grassroots.

Six months into office ZANU-PF looks increasingly less like the revolutionary Marxist party proclaimed by its leaders in exile than a coalition of interest groups. Although the socialist faction is dominant, there is a predeliction among senior party officials and Ministers for large houses, Mercedes cars, first-class travel and huge retinues for every journey abroad.

Economic policy remains a blurred area. But as the new Government appoints its own men to top positions in the economic ministries—this has already happened in the strategically vital Ministry of Economic Planning—so policies can be expected to change. Mr. Mugabe himself has both spoken out strongly in favour of foreign investment and warned against exploitation by transnational corporations. But with the radical pressures on him likely to intensify, economic policy can be expected to shift at least some way to the Left as the new officials and advisers make their presence increasingly felt.

In spite of disappointing levels of foreign aid and private foreign investment, the economy is doing better than predicted. The official target of a 4 per cent real growth rate this year will be comfortably met and third quarter estimates suggest real growth of at least 6 per cent—the first since 1974. The main thrust is coming from manufacturing, where output has increased 14 per cent in volume this year with growth of more than 25 per cent in furniture and transport equipment and more than 20 per cent in drink and tobacco.

Agriculture is also doing better than expected. Earlier this year it was forecast that the volume of production would fall this year for the second successive year, because of drought and war-disruption. But the maize crop has turned out to be a good 100,000 tonnes larger than expected.

Auction prices for tobacco have picked up since July, partly in response to the Government decision to guarantee about Z$27m.

Tobacco production is being cut by 40 per cent in the present growing season. But this will be more than offset by increased land under maize, in particular, and other crops giving a 10 per cent rise in the total area under crops in 1980/1981.

In the first seven months of the year, mining output was showing growth of more than 50 per cent and the target for the year of Z$420m should be reached in spite of weaker base metal prices. With gold and silver accounting for one-third of production value, the industry is well-placed to weather the worst of the recession.

Exports grew 36 per cent in the first half of the year, mainly as a result of a 22 per cent improvement in the volume of trade, with export prices benefiting less than 9 per cent from the removal of sanctions. Imports, which are strictly controlled, have been allowed to increase 55 per cent this year—30 per cent in volume—and this rapid import growth rate is expected to continue for at least the next 18 months.

Because the economy was recovering from the worst effects of recession and the war well before the ceasefire was called—the upturn started in 1978—it has not taken long to run up against a variety of constraints. Most serious of these—in the medium-term—is probably the lack of skilled manpower, specifically the acute shortage of blue collar and technical workers.

A more pressing immediate problem is the transport bottleneck. The railway-wagon turnround time between Salisbury and the South African port of Durban is as much as 40 days. This primarily reflects congestion on the South African system.

The balance of payments position is strong by contemporary Third World standards, with a forecast deficit this year of about Z$85m. There has been little private foreign investment committed since independence (less than £10m), but it is early days yet.

Official estimates put the aid pledged for the next two or three years at Z$220m—more than half of it British.

The skilled labour constraint is likely to tighten progressively in the next few years, reflecting the high level of white emigration. In the first eight months of this year, 10,000 people (virtually all white) emigrated and the total for the year is being forecast at about 18,000 with a substantial outflow at the end of the school year in December.

In one key category—the 5,500 white farmers—morale is holding up well, with increased plantings of most crops (except tobacco). Sales of agricultural machinery are booming.

Given the tensions of the past and the inherited difficulties, the first 180 days under the pragmatic Mr. Mugabe have gone far better than many people expected. The six months ahead hold challenges which will demand the best from both the Prime Minister and Mr. Nkomo.

AMERICAN NEWS

Mondale produces vintage performance in the constituency vineyards

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE SURROGATES: Mr. Kennedy, Mr. Mondale, Mr. Ford and Mr. Bush.

THERE IS a joke told by the small band of travelling Press touring the country with a candidate for political office. It is a variation of the well-known American Express TV commercial, and begins with a may saying: "Hello, you may not know me, but I'm Walter Mondale, Vice-President of the United States. . . ."

Mr. Mondale and his Republican counterpart, Mr. George Bush, are the footsoldiers in a Presidential campaign dominated to an exceptional degree by the heads of the party tickets. They have been joined as chief surrogates by two other illustrious names, Senator Edward Kennedy for President Carter and former President Gerald Ford for Mr. Ronald Reagan. Both are unaccustomed recently to labouring in the political vineyards for somebody else.

All four have defined roles to fill. Mr. Mondale is Mr. Carter's lifeline to the traditional Democratic Party, especially organised labour, which has never taken Mr. Carter to its heart. Mr. Kennedy is the same to its liberal and minority constituencies. Both Mr. Bush and Mr. Ford are appealing to moderate Republicans and independent voters, particularly in the key industrial states, where Mr. Reagan's conservatism creates unease.

In any close race, the performance of the surrogates can assume significance. Four years ago, Senator Robert Dole fulfilled his designated role as hatchet man of the Ford campaign too enthusiastically. So savage was he in the televised debate with Mr. Mondale that the Republican ticket was harmed by the spectre of Robert Dole just a heartbeat away from the Presidency.

Neither Mr. Mondale nor Mr. Bush inspire such fears. The Vice President remains one of the most popular and respected politicians in the country and is still spoken of as a potential Presidential candidate in 1984.

For a man who in 1974 renounced Presidential ambitions because he could not face the thought of endless nights in anonymous hotels, he seems content with the present grind—and also with the role he has performed in the last four years

It helps that Mr. Mondale has a nice line in humour in what has generally been an unfunny campaign. "Ronald Reagan is to the American worker," he tells audiences, "what Colonel Sanders is to the American chicken." He makes much of Mr. Reagan's alleged flip-flops on issues like aid to Chrysler and New York City. "My father was a Methodist minister and he once told me that the only trouble with deathbed conversions is that sometimes they get well."

Mr. Bush has had a slightly more difficult row to hoe. He was marginally embarrassed in August when a reference by Mr. Reagan about formally re-opening relations with Taiwan caused problems on Mr. Bush's mission to Peking. Because he was Mr. Reagan's last primary opponent, some of his earlier vigorous criticisms of his running mate came back at him—such as his description of Mr. Reagan's tax cut and balanced budget proposals as "voodoo economics."

Moreover, the slight suspicion still persists that Mr. Reagan does not really trust Mr. Bush, who was, after all, his second choice after the Detroit deal with Mr. Ford had fallen through.

But Mr. Bush is an undeniably enthusiastic and articulate campaigner, working the suburban markets, often side by side with Mr. Ford and occasionally with Mr. Reagan, and apparently hoping that if his labours are successful, he will be rewarded with some substantive role in the foreign policy field, which he feels his credentials warrant.

Mr. Ford and Mr. Kennedy are different sorts of surrogates. Both have a history of well-publicised disagreements with this year's Presidential candidates, and both seem intent on burying the past for the purpose of the election. For Mr. Kennedy, in particular, there is much point in being seen as a good party man if he retains Presidential ambitions of his own for 1984.

When together with Mr. Carter, the Senator still seems ill at ease, but out on his own, working the north eastern States and in the Hispanic communities of west Texas and southern California, he has been in vintage form. Indeed, if Mr. Carter carries either State it will be because the minority vote has been activated — and that will put the President much in Mr. Kennedy's debt.

Mr. Ford has long experience of the rubber chicken dinner circuit. What is notable this year is the extreme bitterness he apparently feels towards Mr. Carter, his conqueror four years ago.

It is his litany of grievances against the President, much more than the warmth of his endorsement of Mr. Reagan, that has been the salient feature of his campaigning. But he too hopes that his effort will be rewarded. If Mr. Reagan wins, he should be able to influence the composition of a new Administration by ensuring the inclusion of the mainstream Republicans whom he knows, at the expense of the right-wing ideologues whom he fears.

Whether Mr. Ford's list includes the name of Dr. Henry Kissinger is not known. But the former Secretary of State has emerged as a fifth horseman on the campaign trail, on Mr. Reagan's behalf—not, perhaps, as visible as the other four, but lending the legitimacy of his opinions to the Republican candidate whose foreign policy views appeared to be so much at variance with Dr. Kissinger's.

Cynics say that Dr. Kissinger wants his old job back. But then everybody, at this time of the year, is wondering about employment when the election is over.

Polls show candidates neck and neck

BY OUR U.S. EDITOR IN WASHINGTON

THE PENULTIMATE round of public opinion polls, while confirming that President Jimmy Carter has had recent momentum on his side, points to no clear winner in next week's U.S. Presidential election.

The latest Gallup survey, taken last weekend, gives Mr. Carter 45 per cent, Mr. Ronald Reagan 42 per cent and Mr. John Anderson, the independent, 9 per cent with the balance undecided. Gallup's previous poll, taken on October 10-12, gave Mr. Reagan a 45-42 lead.

On the other hand, the Louis Harris canvass, done for ABC news, still finds Mr. Reagan with the same three point lead he enjoyed two weeks before. Its numbers are also 45-42, with Mr. Anderson at 10 per cent, compared with 42 to 39 to 12.

An NBC-Associated Press poll gives Mr. Reagan a bigger lead—42 per cent to 36 per cent—although this is smaller by a couple of points from the last poll.

Three other national surveys in the past week by Newsweek, Time and the New York Times, have all given the President a one-point lead, an improvement on his previous deficit.

In every instance, the spread between the two is statistically insignificant and well within the standard 3-4 point margin for error.

The latest state polls merely underline the closeness of the race. Three which came out this week from the west coast point to a glimmer of hope for the President in what was assumed hopeless territory.

A survey taken in California, the biggest state, gave Mr. Reagan a 38 to 33 lead over Mr. Carter, only half the margin of two weeks earlier. Other polls in the state have showed an appreciable narrowing of the gap.

In neighbouring Oregon, a Portland newspaper gave Mr. Carter a two-point lead, while in Washington the Seattle Times found Mr. Reagan seven points up, four points less than hitherto. Mr. Carter may yet put a west coast trip on his schedule at the weekend if his own polls suggest it would be profitable. Mr. Reagan may even return home earlier than anticipated to shore up his base.

In Michigan, where unemployment is the highest in the nation, the eDtroit News found Mr. Reagan still ahead by seven points, even though Mr. Carter's strategists have said the state was eminently winnable. In Illinois, Mr. Carter, according to the Chicago Sun-Times straw poll, is holding on to a five-point lead.

One intriguing possibility implicit in the polls is that the candidate who receives the most votes nationwide may not end up in the White House. This is a fate more likely to afflict Mr. Carter than Mr. Reagan, because the Republican appears to command greater regional strength. If this were to happen—and it has not since the election of 1888 when Benjamin Harrison beat Grover Cleveland though winning 90,000 fewer votes in the country—then undoubtedly a hue and cry would follow for electoral reform.

U.S. ELECTIONS
November 4th

Reagan adviser under fire

BY DAVID BUCHAN IN WASHINGTON

THE SUITABILITY of Mr. Richard Allen, the chief Reagan foreign policy aide during the election campaign, for the post of National Security Adviser in a possible Reagan Administration has come under fresh scrutiny.

Yesterday's Wall Street Journal raised several possible past conflicts of interest between Mr. Allen's business activities and his Government service in the Nixon Administration.

The report by the newspaper, no supporter of the Carter Administration, could blight Mr. Allen's chances of climbing further up the political ladder. Though Mr. Allen is an obvious candidate for the national security slot in a Reagan White House, Mr. Reagan is not short of other experts to turn to.

A National Security Adviser does not have to be confirmed or approved by Congress. But legislators may want to be satisfied about Mr. Allen's purity, and Mr. Reagan himself might want to avoid a repeat of the Bert Lance affair that scarred the start of the Carter Administration.

Mr. Allen, who has run an apparently lucrative consultancy practice for several years, is reported to be still on a retainer from the Nissan company, the Japanese corporation which sells Datsun cars in the U.S.

The closing stages of an intensely fought Presidential campaign inevitably give rise to a number of politically motivated charges. Yesterday the Senate Panel investigating Mr. Billy Carter's links with Libya took secret evidence concerning a recent Press article alleging that the President's brother met several leaders of the Palestine Liberation Organisation, including Mr. Yassir Arafat, while in Libya and that he received $50,000 more from Libya than he disclosed.

Union to give up control of U.S. bank

By Our Washington Correspondent

FEDERAL OFFICIALS have reached a formal settlement with the United Mine Workers, ending the union's 30-year control of the National Bank of Washington.

The agreement runs against a general trend towards more union involvement in business, exemplified by the seat which Mr. Douglas Fraser, president of the Auto Workers Union, holds on the Chrysler company board. But it follows widespread allegations of bad lending practices at Washington's oldest and third largest bank

The UMW is to retain the three-quarters of the bank stock it presently holds. But under the new agreement with federal officials, including the Comptroller of the Currency, the union must surrender control of two-thirds of the seats on the bank's 25-member board.

One element of the settlement, which avoids court action, provides for the appointment of new bank officers acceptable to federal officials. Mr. Luther Hodges, Deputy Secretary of Commerce in the Carter Administration, who has had banking experience, has agreed to become the bank's new chief executive.

Another element provides for a supervised plan to reduce the bank's load of some $53m (£21m) in questionable or bad loans.

Federal officials will also have a final say in decisions on dividends to bank shareholders. The UMW, whose recent history has been stormy, has used such dividends as its principal source of income. On the other hand, large deposits by the UMW have enabled the National Bank to grow faster than many of its rivals in recent years.

US QUARTERLIES

General Motors loss.
Mobil advances.
Singer recovers.
Details, Page 25.

Chemical company wins anti-trust case

BY DAVID LASCELLES IN NEW YORK

THE Federal Trade Commission (FTC) has determined that a company which develops new technology and, through it, acquires a large market share, need not be vulnerable to mnopoly charges. The ruling has important implications for anti-trust law.

The Commission based its decision on the principle that the competitive process would not be served by blocking aggresive and innovative companies, even if they built up a monopoly, because this would discourage efficiency.

The ruling arose out of a bitter two-year-old case in which Du Pont, the largest U.S. chemical company, was accused of holding a monopoly in the market for titanium dioxide, a white pigment widely used in paints and other products. Du Pont' market share was said to be 40 per cent, and FTC staff alleged that this discouraged competition and threatened to keep out foreign entrants.

A year ago, an FTC administrative law judge held that Du Pont had built up its share on the basis of new technology which it had developed itself, and he dismissed the charge. The full Commission has now upheld this ruling on the grounds that Du Pont acted in a way that was consistent "with its own technological capability and market opportunities."

The ruling is something of a blow for the anti-trust lobby which has often argued that sheer size can provide grounds for monopoly actions. Significantly, the man who brought the Du Pont charge in the first place, Mr. Alfred Dougherty, director of the Bureau of Competition, resigned recently because h said he was being frustrated in his efforts to bring anti-trust chargs.

Jamaica releases letter of protest to IMF

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government has released a letter sent to M. Jacques de Larosiere, managing director of the International Monetary Fund (IMF), protesting at meetings between officers of the Fund and Mr. Edward Seaga, leader of the Parliamentary opposition in Jamaica.

The meeting took place in Washington in June. The Government of Trinidad and Tobago also conveyed its concern at the meeting to the IMF. A statement from the office of Dr. Eric Williams, the Prime Minister of Trinidad and Tobago, said the Fund had apologised to the Jamaican Government, but Mr. Hugh Small, the Jamaican Finance Minister, said no apology had been received.

Jamaica and the IMF ended discussions in March on new assistance to the island, after the Government said the Fund's conditions were unrealistic.

The letter from Mr. Small to M. de Larosiere said the talks with Mr. Seaga constituted "interference in the political life" of Jamaica.

The protest was emphatic, said Mr. Small, "because the election manifesto which has been published by the Jamaica Labour Party, which is led by Mr. Seaga, includes figures about the financing of our foreign exchange gap which must have been developed as the result of either negotiations or discussions between Mr. Seaga and the Fund, and the opposition party in Jamaica has made their ability to obtain the foreign exchange to close the gap a major plank in their election platform."

Mr. Small said he had been in contact with Mr. Walter Robichek of the fund's Latin American and Caribbean division, who said ". . . he had discussions with Mr. Seaga on the basis that there had been continuing consultations between the fund and various people and institutions in Jamaica during the currency of the stand-by and extended fund facility arrangement

Feature, Page 18

SDR use 'will increase stability'

WASHINGTON — The increased use of the International Monetary Funds' Special Drawing Rights will increase the stability of the international monetary system, Mr. Fred Bergsten, Assistant U.S. Treasury Secretary, said yesterday.

In a speech prepared for delivery to the Centre for International Business in Dallas, Texas, Mr. Bergsten said the SDR "provides an alternative to unconstrained drift toward a potentially unstable multiple currency system."

Although the U.S. dollar remains the world's primary reserve asset, other currencies such as the Deutsche Mark, the Japanese yen and the Swiss franc are winning increasing use as reserve currencies, he noted.

The move toward a multiple currency reserve system could create problems, he said. "The danger is that key currency countries could be pressed by virtue of widespread international use of their currencies to retreat into controls and other devices to protect themselves from the operation of the exchange markets."

To avoid this, "we should seek consciously to promote the use of the SDR as an alternative to the use of national reserve currencies."

Mr. Bergsten said that the IMF is currently reviewing a number of possible steps to increase the attractiveness of the SDR. These steps include the possibility of increasing the interest rate on SDR's as well as studies to expand private sector use of SDR-denominated assets and liabilities.

● U.S. machine tool orders rose 67 per cent in September to $374.5m from the depressed August figure of $224.5m, the National Machine Tool Builders' association said. Orders, however, were down 31 per cent from the $545.6m a year ago. Agencies

Split over South African economy

BY QUENTIN PEEL IN JOHANNESBURG

THE SOUTH AFRICAN economy, now growing at an annual rate of 8.2 per cent largely became the gold boom, is in danger of over-heating, and money supply is expanding far too rapidly, Dr. T. W. de Jongh, the Governor of the Reserve Bank, warned yesterday.

The Governor spelt out a bleak picture of accelerating price index runing at an annual rate of 16.3 per cent in the third quarter, compared with only 8.6 per cent in the first.

He forecast that the Government would have to withdraw a large amount of money from circulation, and "sterilise" it in its stabilisation fund at the Reserve Bank.

Dr. de Jongh's concern about money supply, delivered yesterday to the National Finance Corporation in Pretoria, mirrors that expressed previously by his designated successor, Dr. Gerhard de Kock, but his tone was considerably gloomier.

There now appears to be a clear division in the ranks of the Government's economic advisers over just how long the present upswing will last.

Mr. Owen Horwood, the Minister of Finance, is publicly confident that the current account of the balance of payments will remain in surplus throughout 1981, even at a considerably lower gold price.

But senior officials at the Reserve Bank say privately that the present huge surplus, running at an annual rate of more than R3bn (£1.6bn), will *have turned to deficit by the* end of the financial year.

They cite forecasts of import requirements from both private and public sectors, stagnation of South Africa's traditional export markets, and an assumed decline in the gold price.

Dr. de Kock, who is at present special economic adviser to Mr. Horwood, is more bullish. He argues that only two issues worry him in the present upswing: the shortage of skilled labour and management, and inadequate control over money supply.

He proposes more flexible exchange control to prevent excess liquidity becoming bottled up in the financial system, and allowing interest rates to move more freely.

In his speech yesterday, Dr. de Jongh warned that large tax concessions in the last Budget, sharp pay rises and extensive use of consumer credit, could all rapidly lead to excess demand. The "unacceptably high rate of inflation, and its rapidly rising tendency" was the most important problem in the economy, he said.

Increased sales of long-term official securities to mop up excess liquidity, and neutralisation of Government's surplus revenues in the stabilisation account, are the most obvious ways Dr. de Jongh can take to contain money supply—with the likely effect of forcing long-term interest rates to rise sharply.

S. Lebanon headwaters 'seized by Israelis'

By Ihsan Hijazi in Beirut

CONCERN is mounting in Beirut over reports that Israel has seized land and water resources in Southern Lebanon.

The Lebanese Government has asked for an emergency meeting of the United Nations-sponsored Lebanese - Israeli Armistice Commission but the Isaeli response so far has been negative.

Mr. Halim Fayyad, Governor of Southern Lebanon, has received information that the Israelis have established control over the headwaters of the al-Wazzani River, a tributary of the Jordan River, the leading daily An-Nahar reported.

The source of al-Wazzani is located about six miles south of Marjeyoun within the enclave controlled by the Israeli-backed Christian militias

According to the newspaper, Israeli troops have built a road linking the region with Israeli territory and established military *outposts there.*

The Lebanese Government had sent a note to the UN Security Council complaining that the Israelis had seized land in the area of Adeisseh village, Southern Lebanon.

The Israelis were reported to have fenced off the area and mined it. Adeisseh is about a mile north of the Israeli border.

The reported seizure of the al-Wazzani tributary, if true, would confirm speculations about Israeli ambitious for water resources in Southern Lebanon.

The Majlis will not be hurried

BY OUR FOREIGN STAFF

WHEN NIGHT descends on Tehran, the streets go quiet and the blackout begins. The people of Tehran depend more than ever on the entertainment offered by Iran's television. Since the first week of the war with Iraq, however, programmes have been changed, and now, from about 8.30 pm until the close of transmission, Tehranis can watch an unedited version of the day's proceedings in the Majlis (Parliament).

More interest than ever is being focused on the Majlis, probably the most important of Iran's many power centres. As the body which Ayatollah Khomeini, the revolutionary leader, has said should decide the fate of the 52 U.S. diplomatic hostages, the world too is having to pay it close attention.

It took almost six months to select the candidates, go through two rounds of voting, and complete a post-election purge of the assembly. Of a total of 270 seats, some 225 are now filled, those in troubled areas like Kurdistan being still vacant. Political alignments within the Majlis are unpredictable. However, three broad groupings can be identified.

The first, and most important, is the hard-line Islamic Republican Party which, with about 70 card-carrying members, plus another 60 or so who usually follow their lead, represent a majority.

Next are the "block of convenience" of the followers of President Abolhassan Bani-Sadr, the Islamic nationalists (led by Mr. Mehoi Bazargan, the first post-revolutionary Prime Minister) and the non-clerical, harshly anti-Communist Amal group.

Some 50 deputies belong to this group.

The remaining 40-odd deputies are floating voters. Important among them is a group of independent clergymen—deputies with strong local backing and impeccable revolutionary records which often outshine those of members of the two major groups.

Those who picture Iran as an endless sea of unruly demonstrations led by wild clerics would be surprised to discover *just how orderly the Majlis is.* There is something in the tradition of the mullahs which prepares them well for the procedural and textual wrangles which tend to dominate debates. While the tone of the speeches can be very violent indeed, actual violence is rare—certainly by comparison with the Italian, Turkish or Australian legislatures.

Mr. Rafsanjani: a hawk-like eye over the debates.

Something Iranian television viewers rarely see is the arrival each day of the deputies. Many come by minibus, others travel in their private Mercedes Benz. Almost all are accompanied by armed guards and most carry a side-arm. The members' cloakroom clatters with the sound of guns being handed in. One member, Mullah Hassani from Orumieh, proved very difficult to persuade to leave his beloved Kalashnikov sub-machine gun outside the chamber. Luckily he attends rarely.

The Majlis meetings are held in the sumptuous surroundings of what was once the Imperial Senate, a modern building just south of central Tehran. Its brilliant chandeliers, velvet hangings and carefully arranged semi-circle of leather chairs contrasts with its rather rough and ready occupants.

Dominating the proceedings as Speaker is Hojatoleslam Ali Akbar Hashemi-Rafsanjani, effectively the number two *Islamic Republican.* Mr. Rafsanjani keeps a hawk-like eye over the rules of debate as well as over the constitution. Time and again, erring members will be *shown the true path by a sharp* word or two from the chair.

One member who needs more restraining than most is Ayatollah Sadeq Khalkhali, the *roving revolutionary* judge, whose frequent interruptions have led to several exchanges between the chair and other members. A dove about the hostages, Ayatollah Khalkhali, who represents the holy city of Qom, can be guaranteed to enliven proceedings by suggesting they are *illegal*, or unconstitutional. Time and again, he has defended the presidential prerogative against the majority of members, who clearly wish the Majlis to be the power in the land.

Debates have their light moments, but the general pattern is of dogged seriousness, and the public gallery, substantial by Westminster standards, is usually well filled. The spectators join in the chants of "Allah Akbar" (God is great) with which deputies laden their speeches.

With the U.S. presidential elections less than a week away, the Majlis is in the midst of its long-awaited debate on the hostages. As each day passes, and the assembly instead gives priority to discussing reports from the battle front and pensions for the dead and wounded, the prospects of a settlement look increasingly bleak.

Many would agree with one Western diplomat in Tehran who said "If I've learnt one thing since the revolution, it is that the Iranians will not be hurried." Short of another intervention by Ayatollah Khomeini, Iran's novice parliamentarians will not rush the hostage question. Like much in post-revolutionary Iran, they are still feeling their way through their own minefield of domestic politics.

Iraq hopes non-aligned team can secure Gulf peace

BY ROGER MATTHEWS IN BAGHDAD

IRAQ IS pinning most of its remaining hopes for a negotiated end to the Gulf war on the new initiative launched by the Non-Aligned Movement. Senior officals are understood to fear that a new end—n the long term—more dangerous situation will arise of the seven-member delegation fails to make headway.

—Iraq has insisted in recent diplomatice contracts that it will withdraw from Iranian territory if Tehran accepts its sovereignty over the Shatt al Arab waterway and the pockets of land that were supposed to have been returned under the 1975 Algiers Agreement.

President Saddam Hussein has emphasised that he wants an "honourable" peace but will not be seen to be negotiating from a position of weakness.

It is recognised here that withdrawal will become more difficult for Iraq, in domestic political terms, if the fighting continues and Iran refuses to negotiate. It is also feared that the likelihood of supperpower involvement will become steadily greater.

The intensive diplomatic initiative launched by Iraq in the past few days reflects strongly its desire to keep the United States and the Soviet Union out of the conflict.

This anxiety showed itself in Iraq's willingness, after a four-day delay, to accept Algerian participation in the non-aligned delegation. The main responsibility for putting together the delegation was taken by the Palestine Liberation Organisation, although it will be formally led by Cuba. The members are Zambia, Inda, Pakistan and Yugoslavia.

The composition of the team provides some continuity with the earler efforts of President *Zia ul-Huq of Pakistan on* behalf of the Islamic Conference.

The groundwork for the delegation's visit to Baghdad and Tehran is being laid in a series of bilateral diplomatic contacts in both capitals.

It is thought that without this the rather more cumbersome and formal delegation will stand little chance of achieving a breakthrough.

Should the delegation fail to draw any response from Tehran, then Iraq is said to see only the EEC as a possible international channel for peace efforts.

Zambian Air Force chief 'held under Kaunda order'

BY MICHAEL HOLMAN IN LUSAKA

THE COMMANDER of the Zambian Air Force, Maj.-Gen. Christopher Kabwe, who was suspended shortly after his promotion to the post earlier this month, is being held under a Presidential detention order Government officials confirmed yesterday.

President Kenneth Kaunda alleged on Monday that three military officers, whom he declined to name, were implicated in an attempt to overthrow the Government. Maj. Gen. Kabwe, who was arrested on October 9, had been charged together with his deputy, Colonel Kaluba Mbeule, with receiving stolen property.

But a bail application was refused on Monday when the prosecutor revealed that the men were being detained under a presidential order.

The country's two state-controlled daily newspapers yesterday carried extensive reports of President Kaunda's allegations of a South African-backed plot.

The local press has so far published the names of four prominent citizens allegedly involved, but Dr. Kaunda refused to list the alleged plotters, saying that this would prejudice court proceedings.

Tel Aviv in initiative on nuclear curbs

By David Lennon in Tel Aviv

ISRAEL HAS launched a new initiative at the UN on nuclear arms control for the Middle East, designed to improve the country's image despite its refusal to sign the nuclear Non-Proliferation Treaty.

The key element in the *proposal is that* the Middle East nations should meet together to work out a contractual agreement with effective controls to keep the region free of nuclear weapons.

Given that all the Arab States in the region, except Egypt, have no dealings with Israel, such a conference cannot be held.

An Israeli Foreign Ministry official agreed yesterday that the meeting was impossible at this time, but said that Israel was talking about such a development after the establishment of relations with its neighbours.

Consistent reports abroad that Israel has nuclear weapons have been regularly denied here, but these denials have sounded weak in the face of Israel's refusal to sign the 1970 Non-Proliferation Treaty or to permit international inspection of its atomic facilities.

The Foreign Ministry official denied that the *new* Israeli proposal was prompted by the fear that the Arab states—particularly Iraq—would soon acquire nuclear weapons.

India bid for petrodollars

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government yesterday announced a series of concessions designed to attract petrodollar investment to key industries in the country. It expects that priority areas such as fertilisers, cement and petrochemicals will benefit. Investment is also to be encouraged in hotels.

The concessions dilute the *policy on foreign* investment which has so far been limited to encouraging transfer of technology not available indigenously, or to promote export-orientated production.

Oil-exporting countries with surplus investible funds will be allowed to make investment proposals which need not be linked with transfer or technology if they provide up to 40 per cent of the equity in the project.

The Government hopes that the projects invested in will provide for sufficient production to enable exports either to OPEC countries or to the industrialised countries of the West.

WORLD TRADE NEWS

UK sales to Germany rise despite strong pound

BY JONATHAN CARR IN BONN

BRITISH sales to West Germany are growing faster than its imports from there, despite the strength of sterling, which this year is making it harder for exporters to remain price competitive.

The result is that in the first eight months, the UK's trade deficit with Germany was cut to DM 725m (£158m) from DM 2.95bn in the same period of last year.

Figures issued by the Federal Statistical Office in Wiesbaden show that from January to August, Britain exported goods to Germany worth DM 14.8bn (£3.22bn)—an increase of 36.7 per cent

German exports to Britain were worth DM 15.5bn, a rise of 12.6 per cent on January-August, 1979.

It is clear that the sharp increase in the oil price has been a major factor in the rate of increase of British exports by value. Germany's crude petroleum imports from Britain in the first eight months were worth DM 4.4bn against only DM 1.98bn a year earlier.

To that extent the UK's relative success on the German market is a reflection of the general worsening of Germany's terms of trade this year. German import prices have been rising much faster than its export prices, bringing a marked cut in the overall visible trade surplus.

Nonetheless, even if crude petroleum is excluded, British exports in the first eight months still increased by 17.9 per cent, accounting for 5.3 per cent of German imports against 5.2 per cent a year earlier.

Germany's share of Britain's imports over the same period totalled 6.7 per cent, unchanged from 1979. This is despite the fact that between the start of this year and the end of August the Deutschemark fell by about 10 per cent against the pound.

A statistical breakdown by export product for the first eight months is not yet available, but one for the period January-July shows that Britain raised its share of wholly manufactured goods imported by Germany to 6.4 per cent from 6.3 per cent a year earlier, and its share of industrial semi-manufactured goods to 4.3 per cent from 4.1 per cent.

British exports to Germany which showed a particularly marked rate of increase included photo-chemical products (up by 93 per cent), mechanical power units (up by 52 per cent) and pumps and compressed-air machines (up by 42 per cent).

Go-ahead for R-R, Japan plan

TOKYO — Rolls-Royce and three Japanese machinery makers have agreed to start manufacturing a test engine for medium-distance jet aircraft early next year.

The agreement was reached at a meeting in Tokyo of executives from Rolls-Royce and Japanese Aero Engine, a joint-venture company comprising the British maker and a Japanese trio of Ishikawajima-Harima Heavy Industries (IHI), Kawasaki Heavy Industries and Mitsubishi Heavy Industries, an IHI official said.

Under the engine development programme called "XJB," the Anglo-Japanese company has decided to speed up test production of the RJ500 fuel-efficient, noise-free engine early next year.

The joint company estimates that the new aircraft engine will be mounted on about half of an estimated 1,700 medium-distance jets to be produced throughout the world over the next two decades.

Japanese and British officials also concluded that the joint-produced engine will be targeted for the B737-300, a medium-distance passenger aircraft to be developed by Boeing of the U.S.

Rolls-Royce and Japanese Aero Engine, headquartered in Derby, was established last April and has conducted tests on basic designs and components of the new engine

The Tokyo Government earlier pledged to provide about 75 per cent of the Y140bn (£276m) joint aircraft engine project.

The IHI official said that it also was agreed the joint company will be capitalised at £2,000, 50 per cent owned by Rolls-Royce, 29.9 per cent by IHI, 12.6 per cent by Kawasaki and 7.5 per cent by Mitsubishi. AP—DJ

Pemex considers China drilling

MEXICO CITY — Pemex, Mexico's state oil company, is studying the possibility of exploring for hydrocarbons on the continental shelf off China, Sr. Jorge Diaz Serrano, a Pemex director, said.

He told oil experts from 16 countries at the second Latin-American Drilling Congress that Pemex was considering taking risk contracts on the shelf.

Sr. Diaz, who recently visited China, said Pemex was already exploring for oil in Costa Rica and Nicaragua and was negotiating with the governments of Panama and Cuba.

He said countries must search for hydrocarbons as there are reasons to believe large quantities of reserves remain to be exploited both on land and continental shelves.

Experts from the U.S., West Germany, Spain, the Netherlands, the Soviet Union, Barbados and 11 Latin American countries are attending the Congress, which lasts all week. Reuter

● A 2,000 mW hydro-electric plant is to be built on the Limay River of Central Argentina by Hidronor, of Buenos Aires, for operation by 1988, **John Wicks writes from Zurich.** The so-called Pedra del Aguila project will include a dam 120 metres high and some 800 metres broad and six Francis turbines of more than 300 mW capacity each. Initial project work before the issue of tender specifications is to be carried out by Motor-Columbus Ingenieurunternehmung of Baden, Switzerland, in co-operation with local and foreign partners.

Canadians set for big LNG sale to Japan

By Martin Keeley in Calgary

DOME PETROLEUM, the Canadian independent oil company, has signed Canada's largest ever non-U.S. export deal for natural gas with a consortium of Japanese companies.

The letter of intent for the 20-year agreement calls for export of 400m cubic feet of liquefied natural gas (LNG) daily with first deliveries planned for 1985. The agreement, subject to approval of federal and provincial government agencies in Canada, would not only bring in Dome over $1bn a year based on a world price of $6.85 per 1,000 cubic feet, it would also alleviate a massive surplus of natural gas in Western Canada.

Mr. Bill Richards, the Dome president, says the volume represents between 5 and 10 per cent of Japan's natural gas needs.

"The whole contract is a tremendous deal for Canada, "As it provides the country with a ready and reliable market for its surplus natural gas and opens the door to similar LNG deals with other countries," he said.

The agreement, which represents the equivalent of 20 per cent of Canadian export commitments to the U.S.—Canada's largest export market for natural gas—is with a consortium consisting of Nissho-Iwai corporation, Chuba Electric, Kyushu Electric, Osaka Gas and Toho Gas.

The gas would be sold through the provincially-owned British Columbia Petroleum Corporation. The agency is responsible for marketing the province's gas.

The gas would be moved from an LNG plant which Dome would build on the Canadian West Coast and shipped by four special LNG tankers, at least two of which would be built in Canada. Value of the tanker construction and the gas liquefaction plant would be close to C$3bn (£1.05bn).

The quest for a new Indian car

BY KEVIN RAFFERTY

INDIA, LOOKING hard for a new car to replace the stock Morris Oxford and Fiat models of the year before yesteryear which trundle its roads, is trying again to get French help. Renault and Peugot have agreed to prepare plans for the modernisation of the Indian car industry and will submit them by the end of the year.

Industrialists in Bombay and Delhi remain quietly sceptical about the whole venture. The quest for the new Indian car is something of a Holy Grail: it has been going on for a long time and the search for a car which will suit both India's bumpy roads and the wallets of Indians may prove as elusive.

Dr. Charanjit Chanana, the Minister of Industry, freshly back from Paris, talked of a minimum of 100,000 cars to make the project viable. He mentioned prospects of exporting cars.

On the surface it is an attractive proposition. The vast 300-acre site owned by the late Mr. Sanjay Gandhi's Maruti company has just been nationalised and would be a good location. With a new plant and new technology this could be just the right time and place for the new car or even the "people's car." "It would be a fitting mausoleum to Sanjay Gandhi," commented one well-known Indian economist.

Aeports that Renault was preparing to phase out its model 4 production and would be anxious to sell the technology would fit in with this scene. The specifications of the original model 4 would seem to fit well with tough Indian specifications.

It was designed as a farmer's car capable of motoring over rough farmland — perhap approximating the undulating Indian roads. It was built to be roomy so that the farmer could carry his farmyard animals—just as Indians are liable to overload their cars with numerous family members and many possessions. And it was designed stylishly enough to carry the French farmer to church on Sunday (with enough head room to allow him to wear his top hat)—so Indians could also use the model 4 as a stock Government car.

Against these adventages, there are numerous problems.

One is that the Indian market is not large enough. Currently, fewer than 50,000 cars a year are sold, demand which the existing companies, Hindustan Motors, a Birla company turning out the Morris Oxford model of the mid-1950s, and Premier Automobiles, making an old version of the Fiat, are capable of meeting.

This is not just a question of market size and modernisation, but one full of the twists and turns of complicated Indian politics. If a foreign company were allowed in with the remit of building 100,000 modern cars a year, there would be little room for the existing companies. But those companies, especially the Birlas, have a lot of political clout

The car-making members of the Birla family have long complained that they wanted to update the technology for their Ambassador car, but costs and problems of foreign exchange and the various red-tape packages of Government permissions necessary for foreign collaboration have prevented them for years.

As the biggest industrial house in India, the Birlas have been frequently abused for their monopoly power, but have always managed to find at least one family member with close ties and good relationships with the ruling politicians.

And, if anything, foreign capital is a dirtier word in the chauvinistic Indian political dictionary than big Indian business.

Another difficult question concerns ownership of the plant. Economists of all sorts of hue have pointed out that the Indian public sector has not got a distinguished track record as far as industrial output or efficiency is concerned.

Any foreign company would think twice about setting up in India without a special deal for management control—unless the company was concerned mostly with the long-term prospects of India and "getting its foot in the door." There is evidence of French political pressure to break into the Indian market. If for example Renault and Peugeot do come together, it would be their first joint venture. Any special deal giving a foreign company more than 40 per cent would have to pass the watchdogs of the Foreign Exchange Regulation Act.

Spain, Austria to lend $400m to Indonesia

JAKARTA — Spain and Austria are prepared to lend $400m (£164m) to Indonesia to build an $800m hydrocracker plant in Dumai, Central Sumatra, Mr. Piet Haryeme, the director of Pertamina, the state oil and gas company, said.

Terms for the proposed loans are still under discussion.

Mr. Haryeme said Indonesia would provide between $350m and $400m for the plant's construction.

He said the inclusion of Spanish and Austrian capital does not mean the plant will be built on a joint venture basis.

Indonesia announced earlier this month it will finance the plant with its own resources rather than have it built through a joint venture scheme as previously planned.

Foreign loans for the Dumai project will be fully guaranteed by the Indonesian Government, a reversal of an earlier regulation which said Pertamina must seek its own financing for building petrochemical projects.

Greatly increased Government revenue deriving from rising oil prices has made Indonesia confident enough to fully finance the Dumai project which, when finished in 1982, could double refining capacity

● Belgium has pledged BFr 458.5m (£6.2m) for construction of a lathe manufacturing plant and the development of shipyards.

The Belgian Government will provide BFr 450m to build a lathe plant at the Karakatau steel complex in Cilegon, West Java,

It will provide a further BFr 8.5m to develop shipyards in Ujungpandang, Padang, Gresik and Bitung.

● West Germany has approved a loan of $208m (£85.5m) and grants of $1.4m to finance development projects in West Sumatra.

Agencies

Swedish shipping group cuts crew numbers

BY WILLIAM HALL, SHIPPING CORRESPONDENT

BROSTROMS, THE Swedish shipping group, has achieved a major breakthrough in reducing manning levels on its new fleet of roll-on/roll-off (ro-ro) ships. Cuts of nearly a third in crew numbers have been proved possible on the group's new generation of ro-ro ships.

Over the last two years, Brostroms has been experimenting with reduced crew levels on its six new ships operating the Mediterranean service of Swedish Orient Line. The ships are designed to be operated with crews of 16 instead of the normal 23.

The Swedish authorities and tdsear unions have been watching the experiment with interest and Brostroms recently commissioned a survey of the crews involved which showed that they were happy with the new arrangements. The company questioned the crew of every ship on matters ranging from safety and comfort to technical efficiency.

The six ships in Swedish Orient's service to the Mediterranean are 12,200 dwt ro-ros with a capacity of 800 twenty foot equivalent units. The main reductions in crew levels have been on the catering and maintenance side. Major maintenance is now undertaken when the ship is in port.

Brostroms has replaced its seamen with "ship operators." The cre wocnsists of a captain, three deck officers, one radio officer, a chief engineer, two other engineers, six ship operators, a cook/steward, and a mess man.

Brostroms has faced severe financial problems in recent years a ' its sucess in reducing its crew numbers will be watched colsely by other European shipping companies, particularly the British.

BP closes Scottish plant amid anti-dumping row

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE BRITISH Petroleum group yesterday announced the closure of a 230,000 tonnes a year chemical plant at Grangemouth in Scotland amid growing fears that the European Commission is taking a weak line over petrochemical anti-dumping cases aganst the U.S.

The BP plant to be shut produces orthoxylene and paraxylene. Both are used to make synthetic fibres, pesticides and pharmaceuticals.

A European Commission investigation into U.S. dumping *of ortho and oaraxylene is expected* to be announced within the next few days.

BP Chemicals, which manages the Grangemouth xylene plant on behalf of BP California the *owners, said yesterday that cut*-price U.S. exports of xylene to Europe had been a contributory factor in the decision to shut the plant.

The company said overcapacity in Europe, plus the collapse of many of its exile cusomers, had also led o he decision.

Hopes that the Commission may act to stop the flow of cheap chemicals across the Atlantic were fading fast among *chemical* industry leaders this week.

The commission is currently carrying out an anti-dumping investigation against U.S. exports of vinyl acetate monomer, used to make plastics.

The Council of European Chemical Manufacturers Federations (IG) is understood to be worried that the European Commission will take only ineffective action against vinyl acetate imports from the U.S.

Leading European chemical companies — including BP Chemicals—fear that, if the anti-dumping case on vinyl acetate goes by default, further *anti-dumping cases against the* U.S. will also fail in effect.

EEC officials investigating the anti-dumping case on vinyl acetate are believed to have decided that some U.S. producers are not selling their product in Europe at prices lower than the ex-factory prices they have in America. This relationship in pricing has to be proved to establish that *dumping is taking place.*

But the European industry claims that if one U.S. producer is dumping products in Europe others will follow. It doubts that one U.S. company would *sell itsp roduct at vastly different* prices to those fo its competitors because that would lead to loss of its market share.

Speaking at a Society of Chemical Industry meeting in Zurich last week, Mr. Robert Horton, who becomes managing director of BP Chemicals next week, made a plea to the European Commission to take action against the U.S.

He told Sir Roy Denman, director general of the EEC etxernal affairs directorate, that the prices being charged by U.S. producers of vinyl acetate porved they were either dumping their product in Europe or were able to undercut European prices because of Government-controlled oil and gas prices in America.

The closure of the BP plant will not lead to any redun*dancies. Employees are to be* given alternative jobs at other plants on the Grangemouth site.

Post Office monopoly defended

By Elaine Williams

MR. ADAM BUTLER, Industry Minister, yesterday defended the Government's decision to retain the monopoly over most *of Britain's postal service.*

He said that the Post Office should provide "not a service at any price, but one giving value *for money, efficiently run,* reliable, and available across the length and breadth of the land."

Although there will be relaxation of the monopoly, it will affect less than 2 per cent of the Post Office's business.

Mr. Butler said at a Mail Users Association dinner in *London, that if the Post Office* service fell below certain standards, the Government would be prepared to "open the doors—fully if necessary—to competition."

At present, the Government permits competition in three areas. Private operators will be allowed to carry "time-sensitive or valuable" mail in competition with the Post Office.

Document exchanges—which carry mainly correspondence between lawyers — are to be allowed to carry mail in bulk between cities. And charities will be allowed to deliver Christmas cards.

To keep its redefined monopoly, the Post Office will have to deliver more than 90 per cent of first-class mail a day after posting. In April and May, 86-87 per cent of first-class mail was so delivered.

The Post Office hopes that, when it raises its postal charges in January by 2p to 14p for a first-class letter and 1½p to 11½p for second-class, more second-class letters will be posted to take the strain off the service.

Trading stamps operation to close

By David Churchill,

GREEN SHIELD trading stamps, which were regularly collected by about half of Britain's shoppers only 10 years ago, will almost disappear durin ago, will almost disappear during the next few months.

Mr. Richard Tompkins, who made one of the largest personal fortunes in Britain from his trading stamp empire, yesterday decided to close down his Green Shield operation.

However, Mr. Peter Rugsley, *Gren Shield's managing director,* is to take over most of the existing 2,500 franchises and launch a new trading stamp called Premier Gold. Unlike Green Shield stamps, which could be redeemed for goods at Argos stores, the Premier Gold stamp will be redeemed only in exchange for goods from stores in the scheme.

Premier Gold stamps will not be redeemable from Argos *stores. Grene Shield stamps still* in circulation will still be redeemed at Argos. Mr. Tompkins sold his Argos discount stores chain to BAT Industries last year for about £30m.

Green Shield stamps will continue for a while to be issued through the 44 hardware shops owned by Mr. Tompkins and trading under the name Goodridge. But once the legal redemption liability for the stamp *expires, which could take* several years. Green Shield will cease to exist.

Robert Fleming admitted to Accepting Housing Committee

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

ROBERT FLEMING, the City merchant bank, has been admitted to membership of the Accepting Houses Committee, the elite club of London merchant banks.

It is the first new member of the committee since Singer and Friedlander was admitted in 1973, and restores the total membership to 17 banks.

Membership means that bills of exchange drawn on Fleming will be eligible for re-discount at the Bank of England. This means that Fleming's bills will now automatically commend the *finest rate in the discount* market.

The extension of AHC membership follows a decision of the Fleming management to extend the company's operations beyond the traditional field of fund managment into banking with the implementation of the 1979 Banking Act.

Mr. Bill Merton, the Fleming chairman, said yesterday that the motive for this was partly defensive and partly opporbe prevented from calling itself tunist. Fleming did not want to a merchant bank.

Now that Fleming is an accepting house it is applying to the Department of Trade for *exemption from publishing true* and fair accounts.

Like all other leading London merchant banks it wants to be able to create secret reserves, and to have the right to smooth next.

results from one year to the

In theory all British banks, apart from the clearing banks, are entitled to this privilege. However, it is understood that no new exemptions have been granted by the Trade Department since 1969.

The rules for admission to the AHC are not entirely clear. Recently, Antony Gibbs was forced to resign following its acquisition by the Hongkong and *Shanghai Banking group,* on the grounds that this bank was not British.

Sotheby's sets a pottery record

SALEROOM

BY ANTONY THORNCROFT

A VERY rare Astbury Whieldon Staffordshire pottery group depicting a tea party, made around 1740, was *sold for £27,000 at Sotheby's yesterday,* a world record for an item of English pottery.

The previous best was the £20,000 paid for a Wedgwood Portland vase in 1970. The anonymous private buyer will have to pay an extra 11.5 per cent in premiums and VAT.

An early Staffordshire slipware dish of around 1700 made £12,500 to the same collector and Winifred Williams gave *£7,500 for a* Chelsea octagonal bowl of 1752-56 decorated with an Aesop Fable. All told, the auction realised £128,633.

Sotheby's concluded its auction of letters and manuscripts. *A pair of cheques,* one signed by Jimmy Carter, another by his wofe, was sold to Dr. Martin of *West Germany* for £450, way above forecast; but a signed photograph of Ronald Reagan was within target at £55. Richard Nixon's signed photo made just £20.

A three-day sale of Japanese prints and works of art and modern Chinese paintings opened at Sotheby's yesterday *with a first-day total of £151,930.* A fine Ichimonji school bizen koto tachi blade went for £10,000; a good Aikuchi blade *for £8,500,* and a third, ascribed to Rai Tomokuni, for £8,000.

Christie's sold the second part of the Edward Grosvenor Paine colliection of minatures for *£154,100. A minature of a lady* by John Smart, signed and dated 1768, sold for £8,500 while the same continental buyer paid £7,500 for a minatureof Mrs. Robinson by the same artist. A minatureo f Barbara Villiers, Duchess of Cleveland by Richard Gibson went for £7,500.

More staff laid off at Perkins engine plant

Financial Times Reporter

MORE workers were laid off *yesterday* at Perkins' Peterborough diesel engine plant.

When 450 workers were told to stay at home until November 7 because of the closure of certain assembly tracks. About half of these were already laid off.

Perkins also announced yesterday that the 900 people who are to be made redundant from the 7,000-strong workforce will finish work on November 7.

Debenhams closure

THE DEBENHAMS group plans to close its store at Dudley in the West Midlands after Christmas. Some 28 employees are expected to be made redundant.

'Gloomy' outlook

The volume of work being taken *on* by chartered quantity surveyors continues to decline and the outlook remains "gloomy," according to the Royal Institution of Chartered Surveyors.

Meal marketing

SUFFOLK County Council has asked the Infoplan public relations company to "market" midday school meals, in an effort to whet pupils' appetites. The number of children eating school meals has fallen 30 per cent following three price increases since September 1979.

Salaries bright

SALARIES and benefits for accountants in the public sector continue to look attractive when compared with equivalent salaries in the private sector — despite the Government's attack on public expenditure according to a survey by Accountancy Personnel, part of the Career Care employment *agencies group.*

Print inquiry

THE review body, which is considering the future of the Britsh Printing Industries *Federation following* its serious dispute with the National Graphical Association earlier this year, will begin framing its recommendations within the next two or three weeks.

Inmos urged to get Britain's microchip production line rolling

Jason Crisp visits the new home of the world's most advanced technology

BRITAIN'S attempt to get into the mass market for microchips began yesterday in a waterlogged field two miles west of Newport in Gwent.

Standing in the middle of the field in Wellington boots, Dr. Richard Petritz, the American managing director of the National Enterprise Board's subsidiary, Inmos, announced that this was to be the site of British microchip production.

Inmos, conceived more than three years ago by Dr. Petritz together with fellow American Paul Schroeder, and British-born Dr. Iain Barron, has had a long and turbulent political history.

Throughout this summer the Government has been trying to decide whether Inmos should get its second £25m to build production facilities in the UK.

Most of the NEB's first £25m has gone towards building a pilot production plant in Colorado Springs in the foothills of the Rocky Mountains.

The Government finally agreed that Inmos should have its second £25m on condition the site was in South Wales. Inmos had vigorously argued that UK production should be in Bristol, as near as possible to its Bristol headquarters, which employ around 60 scientists and engineers in research and design.

After more than six months' debate, Inmos won its battle for the money *but lost the* fight to build the plant in Bristol. At the Prime Minister's request, Inmos must go to South Wales, an area of high unemployment.

Work on the Newport site, a field fringed with oak trees, begins early next year. According to Dr. Petritz, the factory, using the latest modern production equipment, should be ready within 13 months.

Within South Wales there has been considerable conjecture about the siting of the plant which expects eventually to employ 1,000 people.

The main alternative was Cardiff.

Ironically, in the light of the recent political delays, Mr. Nicholas Edward, Secretary of State for Wales, reinforced the urgency for Inmos to get into micro-production as soon as possible.

He said local companies did *not realise the benefits of Inmos* coming to South Wales. There would shortly be representations to local companies to find out what they might be able to supply.

Unemployment in South Wales has risen sharply this year, particularly because of the reduction in staff at steel works. However, Inmos is unlikely to be employing many hefty *former steel workers, but is* probably more interested in female staff, like other electronics companies.

The first products from the Welsh factory will be the 16 K Static Ram and the 64 K Dynamic Ram — memory chips capable of handling 64,000 individual units of information.

Inmos began sending its main products to computer manufacturers and other users of microchips for "sampling" 10 days ago.

A wide range of companies make microchips in the UK. American and other foreign companies produce mass microchips but are usually as much *as three years behind in tech*nology. British companies including Plessey, Ferranti and GEC also make microchips for the specialist market.

Although the Government has committed £50m of direct investment in Inmos and £35m in guarantees, this investment is still relatively small compared with the U.S. and Japanese

Last week the European Commission called on the Council of Ministers to provide £50m in grants towards research and development into advance micro circuits in Europe it acknow*ledged that it would cost ten* times that amount to get into production.

Dr. Petritz, speaking at Newport, said up to 80 per cent of Inmos staff might be recruited *locally.*

North Sea drilling 'could almost double by 1983'

BY MARTIN DICKSON, ENERGY CORRESPONDENT

EXPLORATION and test drilling in the UK sector of the North Sea could almost double between now and 1983, provided that enough rigs are available, says a report by stockbrokers Wood, MacKenzie.

It says offshore exploration and test drillin gin North West Europe as a whole has shown a substantial increase this year from a relatively low point in 1979 and by 1983 activity could be about 40 per cent above the current level, partly in response to higher oil prices.

European exploration and test drilling could increase from 36 rig years in 1980 to 51 in 1983. A rig year measures the amount of work done by one rig in a 12-month period.

"Most of the forecast increase is expected to come from the UK sector," says the report. "Many prospects remain to be appraised and there are also blocks which have not yet seen any drilling. "These opportunities would be augmented by acreage offered under the Government's seventh round of North Sea licensing.

Wood, MacKenzie, whose figures are based on a survey of the intentions of leading North Sea oil companies, estimates that the UK demand for rigs used for exploration and appraisal will rise from 16 rigs years to 30 in 1983.

In the exploration phase "appraisal" or test drilling which follows is to discover the quantity and type of the oil.

The report says the targets for explotation depend on the already this year certain wells hve had to be delyed because of the limited supplies of rigs.

It estimates that total demand for rigs in North West Europe for all types of offshore activity—development and production as well as exploration—will rise from 56 rig years this year to 72 rig years in 1983.

On the supply side, the report says the offshore drilling fleet in North West Europe of a little over 60 could rise to between 70 and 75 by 1983. On this basis, there is likely to be a shortfall of rigs during the next two years with a balance being reached in 1983.

"It seems probable that the latest drilling targets may have to be scaled down," the report says. "It may also be that the supply/demand squeeze will lead to even higher rig rates in the short term."

The report says rig rates have risen dramatically during the past two years. A large semi-submersible type rig could fetch $80,000 a day compared to less than $20,000 at the bottom of the market in late 1978.

Taxes may rise as oil income falls

BY RAY PERMAN, SCOTTISH CORRESPONDENT

The Government may have to increase personal and corporate taxation in the late 1980s, to compensate for a fall in revenues from North Sea oil, Mr. Alexander Kemp, of Aberdeen University, said yesterday.

Mr. Kemp, co-author of a research monograph on the UK oil tax system, told a Press conference that the Government's total tax take from the North Sea was likely to decline as fields became expensive to develop.

This was partly because of the tax relief, which could be claimed by oil companies to compensate for capital costs. As fields in more difficult waters were developed, costs would rise and the tax take would fall.

The present tax regime also favoured small fields, particularly during a period when oil prices were rising, and gave marked advantages to operators working on more than one field in the North Sea.

Mr. Kemp said that, in spite of the increase in Petroleum Revenue Tax, in the last Budget, oil-taxation in the UK remained less than in Norway. The total Government receipts from petroleum and corporation taxes and from royalties was about 83 per cent of gross profits of fields with good returns, and between 60 and 62 per cent on poorer fields with a return of 10 per cent or less.

(The Impact of the System of Petroleum Taxation in the UK on Oil Operations and Government Revenue. Fraser of Allander Institute, 100 Montrose St., Glasgow. Price £2.50.)

British adapting to energy costs

BY OUR ENERGY CORRESPONDENT

A SUBSTANTIAL number of British companies have considered changing sections of their business or product lines because of rising energy costs, says a report by the Management Centre Europe.*

The Brussels-based organisation says 31 per cent of British companies that took part in a survey of European business attitudes to energy had considered changing some activities because of rising fuel bills. This compared with 25 per cent for Europe as a whole, 32 per cent for France and 23 per cent for West Germany.

But only 9 per cent of British companies said profits had been affected to a great extent by the energy crisis, compared to 10 per cent for Europe. A further 68 per cent said profits had been affected to a certain extent and 23 per cent not at all.

The survey was based on 570 answers to 3,000 postal questionnaires sent to senior executives in 10 countries last January.

Some 57 per cent of companies replying said they had given someone specific responsibility for energy issues.

The UK was top of this league with 65 per cent of companies having someone in charge of energy matters.

Across Europe only 23 per cent of the companies reporting had any kind of contingency programme to deal with effects of an energy crisis.

**Business and the Energy Issue. Management Centre Europe.*

Four years to meet demands for gas

Financial Times Reporter

IT COULD be another four years before British Gas can meet al demands for supplies and lift current restrictions on marketing, Mr. George Scott, deputy chairman of North West Gas, said yesterday. He said measures taken last year, when the industry "could not hope to cope with the enormity of demand from disenchanted oil users," had kept under control a situation which could have become completely out of hand.

Ruling out any question of "a return to the previous free-for all," Mr. Scott said this meant the industry could still not accept large new loads of over 25,000 therms a year.

He said: "Our planning currently assumes that, while there can be little relaxation of marketing restrictions before 1984-85, we should be home and clear beyond that."

Mr. Scott, who was speaking at an award presentation to north west regional winners of the 1980 Gas Energy Management Competition, said the potential of the Morecambe field, the first of commercial significance off the north west coast, was "much larger than at first thought."

British Gas plans to invest £1bn in developing the field, with first supplies being brought ashore by 1984. The Morecambe field is expected to be delivering 1,200m cubic feet a day by the mid-1980s.

The field will be used primarily to cope with winter surges in demand. It was originally due to be integrated into the UK gas grid in the late 1980s, but it was brought forward to meet seasonal variation in demand.

Estimates of the size of the field, which is around 20 miles off the Lancashire coast, have been upgraded since its discovery from 2-3 trillion (million million) to 5 trillion cubic feet. This compared with total reserves in the North Sea estimated at between 26 and 74 trillion cubic feet.

British Gas is to decide after operational experience whether to take the ultimate daily flow up to 1.8bn cubic feet. Gas from the field will be brought ashore by a single pipeline due for installation in 1982.

North West regional winners of the competition were a Milk Marketing Board dairy near Preston, which has reduced consumption by 18 per cent by installing waste heat recovery equipment, and Lancaster University.

Water Council says charges will rise faster than inflation

HOUSEHOLD WATER charges in England and Wales are likely to increase faster than the rate of inflation next year, Sir Robert Marshall, chairman of the National Water Council, warned yesterday.

He also said that Government spending cuts could make difficult the maintenance of safety and current standards.

The extent of the water price rises will depend on the size of the financial targets which the Government is expected to announce for the water industry in the next few weeks.

They will also reflect the introduction of Current Cost Accounting and the enforcement of Section 30 of the 1973 Water Act, which increases the share of costs borne by domestic customers compared with commerce and industry.

Sir Robert, introducing the Council's annual report, pointed out that charges this year had risen marginally less than the Retail Prices Index, with average household bills of £1 a week for all water services.

But the pressures to reduce costs, manpower and resources could endanger the basic security of supplies. Over the past six years, water authorities had already halved the rate of capital spending in real terms. This included an 11 per cent cut in planned investment for the current year.

Yesterday also saw publication of the annual reports of Thames and Southern Water Authorities and the Water Space Amenity Commission. Thames Water showed a £3.7m surplus in 1979-80 after spending £300m.

Domestic charges this year are an average 23 per cent higher compared with an overall rise in estimated income of 17 per cent.

But a Thames Water spokesman said its charges would not rise as much as those of other authorities since it had already begun equalising the burden between domestic and commercial customers.

The Authority said it was surprised that so few businesses were taking the option of installing meters since many of them would be saving themselves "hundreds of pounds."

● A Coventry factory fighting for survival, is using its own pumping equipment to draw water from its own resources into its premises.

But the water charges have risen by 500 per cent in the past five years. Now the matter is being reported to the Monopolies Commission.

It follows an inquiry into the running of the giant Severn Trent Water Authority.

Mr. Keith Rose, the works manager of the firm British Celanese Limited, said yesterday: "It is a ridiculous and massive water bill under the circumstances. We have a water abstraction licence, but it has reached a farcical figure. It costs over £7,000 to pump our own water and over £90,000 for effluent disposal. How does the authority justify this?"

The firm employs about 1,200 people, making vital exports in plastics and acetate yarns.

Monetary control method 'raising exchange rate'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE PRESENT method of monetary control in the UK is exaggerating the upward pressures on the sterling exchange rate, stockbrokers W. Greenwell argue in a new monetary bulletin.

The brokers say contr... the money supply tends to raise the level of a country's exchange rate no matter what the method of control. But the present system is having an exaggerated effect.

"If the authorities adopted the alternative method of controlling the level of bank reserves, banks would be discouraged from lending as much in sterling to the private sector as at present, they would not need to raise so much finance from abroad and sterling would not tend to appreciate so much."

W. Greenwell warn against exaggerating the importance of their case. Even if the system of control was changed, the oil producing states would still wish to place funds on deposit in sterling and some UK companies would replace borrowing from banks with borrowing fr... abroad.

As lending in sterling to the private sector has exceeded the growth of sterling deposits of UK residents, bankers have had to obtain finance from elsewhere, including borrowing from non-residents.

If the banking sector borrows in sterling from non-residents, sterling's exchange rate will tend to rise as non-residents sell, forcing currency to acquire the sterling. In the year to June bank borrowing from non-residents amounted to £2.01bn.

Aerospace director dies at home

MR. ERIC Beverley CBE, 63, British Aerospace Dynamics group commercial director and president of the Society of British Aerospace Companies, died at his Marylebone home on Sunday, October 26.

During World War II he served as an RAF pilot

From 1947 to 1952 he was an operations officer with the ministry of civil aviation. In 1952 Mr. Beverley joined the English Electric Company. When the British Aircraft Corporation was formed in 1960 he was appointed sales manager, guided weapons, and in 1963 he was appointed civil contracts manager.

In 1978 he became group commercial director of the dynamics group, and in June 1980 he became president of the SBAC.

Some house prices down, says Abbey

By Michael Cassell

HOUSE PRICES continue to stagnate and are falling back in some regions, says the Abbey National Building Society.

Abbey said yesterday that the average price of a home in the third quarter was £25,248, a fall of ½ per cent from the previous three months. It was the first time for three years that a quarterly drop in market prices was recorded.

While prices in London and the South-East, the West Midlands and Wales dropped marginally, thy showed small gains elsewhere. The highest rate of increase, 6.2 per cent, was in Northern Ireland.

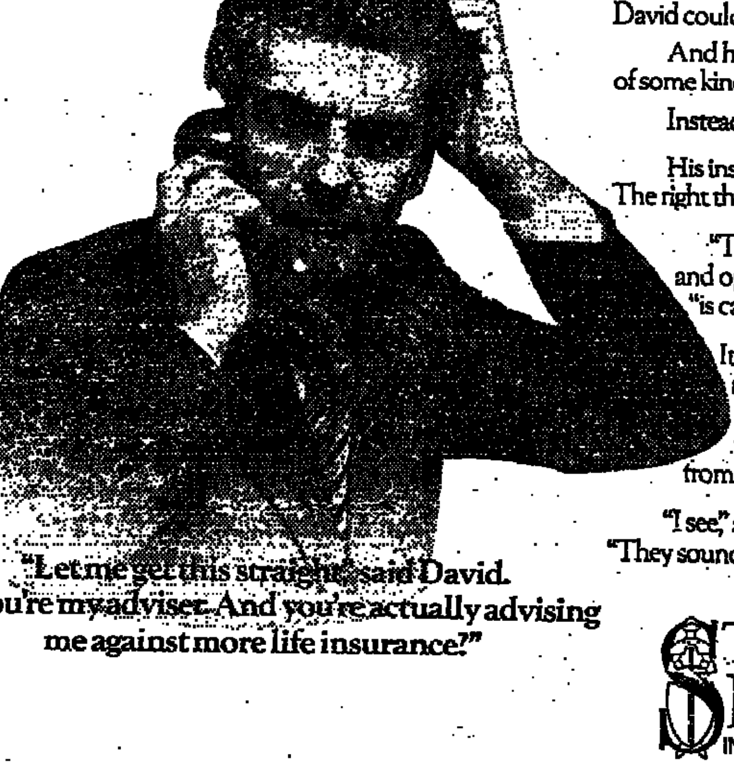
Average prices at the end of September were 9.8 per cent higher than a year earlier. The last time prices moved ahead at an annual rate below 10 per cent was in early 1978.

A spokesman for the Abbey stated: "The final quarter of 1980 is unlikely to show any major change on the present trend. Although there may be small falls in some regions, it is expected that the national average price will remain fairly stable, or rise only marginally."

The annual increase is likely to be between 6 and 8 per cent, says the society, and will be in single figures. In 1979 house prices rose on average by nearly 30 per cent.

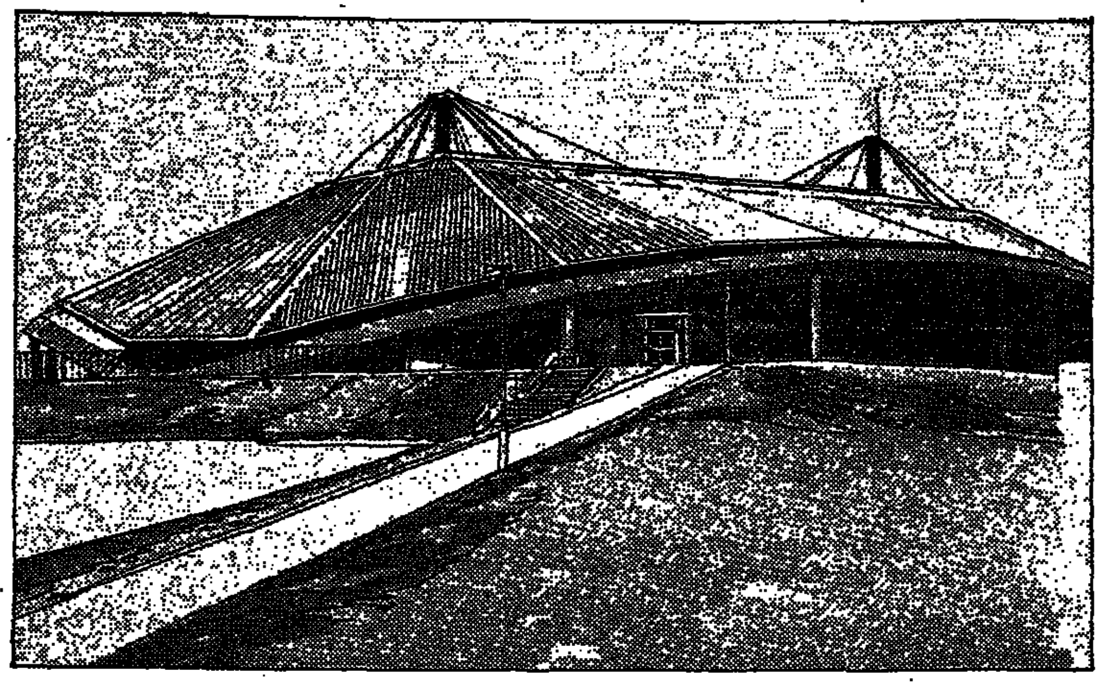
In the third quarter there was a substantial increase in activity at hte lower end of the housing market, particularly among first-timeb uyers, who accounted for 51 per cent of all offers by the society, against 48 per cent in the second quarter.

Abbey said that while the desire for home ownership was still the most important factor, the first-time buyers' market was boosted by people who might prefer to rent but could not because of lack of public or private rented accommodation.



What does Gränges mean to you?

Gränges AB is one of Sweden's largest corporations, known throughout the world as a major metals producer. But you may be surprised at the wide range of our products which are solving problems for British industry.



To the construction industry we're "The first to last."

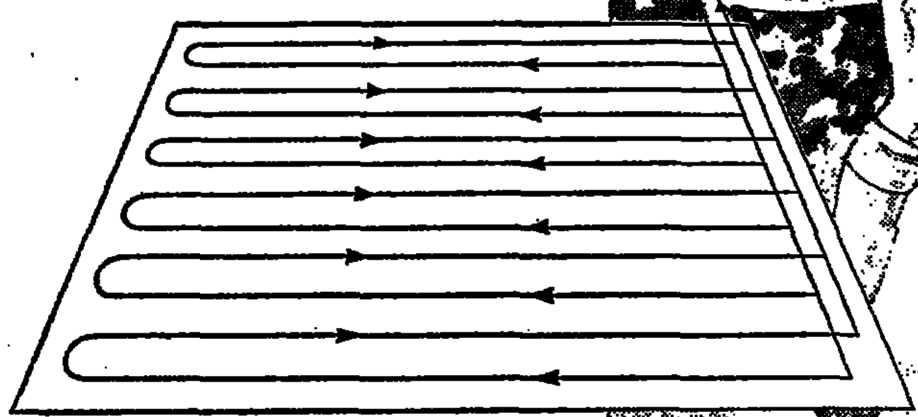
Korrugal, is the most widely used profiled aluminium building sheet in Britain. It is being specified by a growing number of architects because it's rust free and maintenance free. Literally, it's the first profiled sheet to last for years.

That's why you see Korrugal on more and more roofs and walls, such as the Richard Dunn Sports Stadium which was recently completed in Bradford.

To Manchester City we are uninterrupted football.

Last winter, the Manchester City club installed the Meltaway system sold by Wirsbo Bruk the Gränges tube centre. The patented, cross-linked hotwater, polyethylene pipes installed below the surface of the ground kept the winter away economically.

Four other famous British clubs will have the same system installed before this winter, promising them better football, less injuries and no cancellations.



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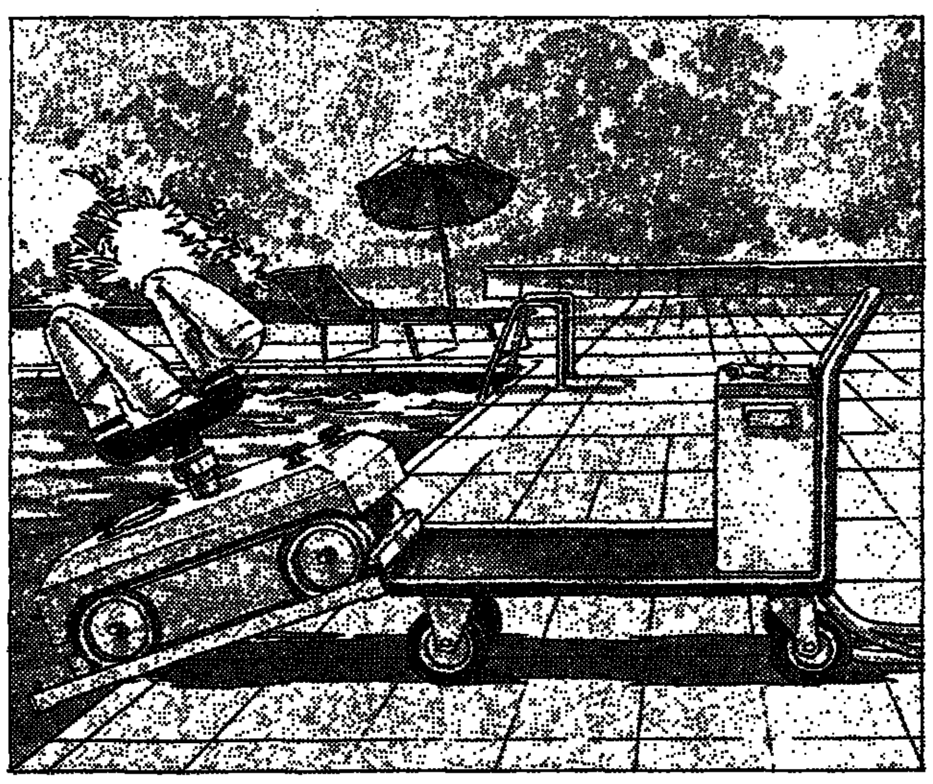
Gränges supplies over 5,000 different components to the European automotive industries. In fact, one car in ten has a radiator made from Gränges Metallverken's thin copper strip.

Jaguar, Triumph, Ford, Volvo, Saab, BMW, Peugeot and Citroen are among the 120 types of automobile using our companies' technology in aluminium, copper or plastic.

Furthermore, Gränges Alucent supply aluminium sheet and strip to a variety of industrial and consumer markets. Specialities include thin strip for heat exchangers, brazed/clad aluminium for the car industry and patterned material for the transportation market.



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Now our new automatic pool cleaners are making swimming more healthy and pleasant throughout Britain.

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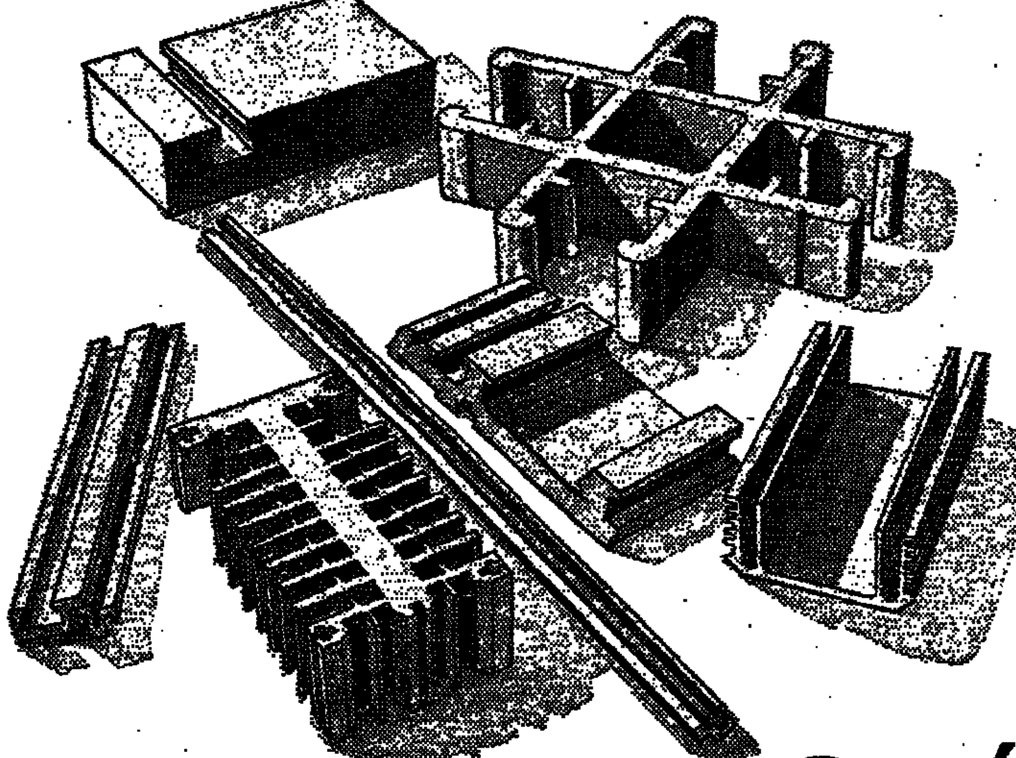
A policy of continued investment and expansion in the UK, backed by personal service, quality and reliability, are contributing to the success of almost every type of business requiring aluminium extrusions.



Gränges Facts and Figures

Total Sales	£555,800,000
Export Sales	£275,900,000
Total Assets	£650,300,000

1979 Sales in Britain	
Gränges Aluminium	£9,589,000
SAPA	£10,808,000
Gränges Metallverken	£3,286,000
Gränges Weda	£973,000
Wirsbo Bruk	£3,900,000
Others	£1,109,000
TOTAL:	£29,665,000

GRÄNGES IN BRITAIN

Gränges in Britain: Gränges Essem (UK) Ltd. Leon House, 233 High Street, Croydon CR0 9XT, Surrey. Tel: 01-681 0061. Telex: 946526. SAPA Ltd. Tibshelf Derbyshire DE5 5NQ. Tel: 0773-872761. Telex: 377586.
Gränges Essem (UK) Ltd. Graeme House, Wilbraham Road, Chorlton-Cum-Hardy, Manchester M21 1AQ. Tel: 061-861 9398. Telex: 667980. Weda Pump (UK) Ltd. 5 Ennis Close, Floats Road Industrial Estate, Wythenshawe, Manchester M23 9LE. Tel: 061-998 0717. Telex: 669334.

Trident spending 'just not viable'

BY LYNTON McLAIN

IT IS an "economic impossibility" for the Government to spend £5bn on the Trident strategic nuclear missile system without harming Britain's conventional forces, the Centre for Defence Studies at Aberdeen University says today in a report attacking budgeting aspects of the plan.

The possibility that the Trident programme will "emasculate the rest of the defence programme" is put forward by Mr. David Greenwood, director of the centre, in the Defence Attache journal.

He warns that a piecemeal reduction of spending on conventional forces will be the technique used to fund the missile system.

Already, he says, "the option of a deliberate alteration in the scope of the British contribution to the North Atlantic Treaty Organisation has not been dismissed out of hand in Whitehall." It is being discussed "sotto voce" at the moment.

Defence spending is already under intense pressure from Treasury Ministers even without the Trident programme. The Ministry of Defence is finding difficulty in keeping within stringent cash limits and a three-month moratorium on defence contracts is still in force.

But Mr. Greenwood says that pressure will intensify for a "downward revision" of projected allotments to defence "as the effects of economies in civil public expenditure programmes become more apparent."

He also attacks the media for treating the Government's decision to buy Trident as a "three-day wonder."

Parliament, Britain's allies and the armed forces will all want to know how the Government proposes to accommodate the Trident force in its defence programme.

The ideas of Mr. Francis Pym, the Defence Secretary, about how he plans to accommodate Trident within the spending programme are the hardest to swallow, Mr. Greenwood says.

Mr. Pym has already said he can "visualise a different arrangement for the deployment of forces between NATO members" and that "it would be perfectly possible to have a lesser military effort by any country in the Central Front, including if you like the UK."

Mr. Greenwood says the money for Trident will be found by "adjustment" to the existing defence programmes, and that in the Royal Air Force, the Royal Navy and the Army "things will not be what they were going to be."

Expansion 'may not follow cuts in inflation'

By Ray Perman, Scottish Correspondent

A CUT in interest rates or a fall in inflation is unlikely to lead to an early expansion of economic activity, the Fraser of Allander Institute argues in its quarterly economic bulletin published yesterday.

The institute, based at Strathclyde University, asserts that there is no strong evidence linking the level of investment with interest rates. Businessmen will not invest, unless demand exists for the goods they produce.

Stocks are currently low—but manufacturers might think it unwise to increase them until there is a clear sign of an increase in demand.

A drop in the inflation rate might be accompanied by a small increase in consumer spending, but in the institute's view any improvement in export competitiveness is likely to be offset by a movement in the exchange rate.

Looking at the Scottish economy, the institute forecasts that, with no prospect of an upturn in the UK before the end of 1981, unemployment could reach 300,000 by the second half of next year.

Quarterly Economic Commentary, Fraser of Allander Institute, 100, Montrose Street, Glasgow, £150.00.

Weyhausen invests in British loader market

BY RHYS DAVID

WEYHAUSEN, THE German manufacturer of loaders and excavators, is spending £2m on its UK operations this year, with further heavy investment planned, Herr Gunter Weyhausen, the company's chairman, said.

The group is pending £1m on extending its Blackwood, Lanarkshire, factory where it makes lorry loaders and it has recently opened a £1m depot at Bradford which will act as the company's main UK service base and as a handling centre for its German-made excavators imported into Britain.

The company claims to be the biggest UK manufacturer of lorry loaders—mechanical grabs for shifting earth, rubble and other materials—with a total output from its Blackwood plant of 1,500 units a year, 55 per cent of which are exported. Employment in the UK at Blackwood, Bradford and another service base at Park Royal, London, is about 200 and total UK turnover is more than £5m a year.

Herr Weyhausen, speaking at the opening of the Bradford depot, said the company was investing in Britain because it was the European country with the greatest potential.

It was destined to become the biggest market for lorry loaders and excavators in Europe, exceeding Germany, France and Italy, he forecast.

Herr Weyhausen said: "We regard this growth as inevitable, for Britain is the richest country in Europe, which of course makes it one of the richest countries in the world."

Its wealth was based on its creative and intelligent people, its self-sufficiency in energy, its vast industrial and commercial infrastructure and its position as one of the key financial centres of the world.

Weyhausen's investment in the UK would also enable it to expand its technology and its manufacturing base to meet the rising tide of competition from the newly industrialising countries of Asia.

"We West Germans cannot meet the challenge single-handed. You British cannot meet it single-handed. But as Europeans we can meet that challenge and may be even turn it to our advantage," he said.

The company claims that with its new Blackwood facilities, which are due to be formally opened early next year, it will be able to offer more effective competition in the UK market against imported lorry loaders—in particular Scandinavian suppliers.

Weyhausen is also planning to use its Bradford depot for a major attack on the UK excavator market. The company's excavators have until this year been handled in the UK by an agency, but sales and servicing are being assumed by the parent group.

Import curb urged to save jobs in knitwear

By Rhys David

A CALL for prompt Government action against cheap U.S. exports has come from another hard-pressed textile sector—the knitwear industry, which is based around Leicester and Nottingham.

Output in the industry has fallen by more than 10 per cent in the past year, and a total of 11,000 jobs have been lost, bringing the total employed in the industry down to under 100,000.

A march through the streets of Leicester to protest at redundancies and imports is being organised for November 12 by the National Union of Hosiery and Knitwear Workers.

Exports of American knitwear and knitted fabric to Britain were increasing at an alarming rate, often at prices lower than those charged by Third World countries, Mr. John Harrison, director of the Knitting Industries Federation (KIF), said last night.

He said the new international competition was based on the weak dollar, subsidised energy charges and access to pockets of cheap immigrant labour.

"While the General Agreement on Tariffs and Trade (GATT) Multi-Fibre Arrangement has largely closed the front door on cheap imports, the back door will swing open until effective action is taken against the U.S."

Mr. Harrison said Government action to curb U.S. imports would generate a great deal of political goodwill for Britain in the Third World.

As long as U.S. exports were uncontrolled, they could claim with justification that the MFA was a divisive and discriminatory instrument applied against them.

Apart from action to counter the American challenge, the Knitwear Federation is also urging the Government to ensure that safeguard clauses in the MFA bilateral agreements between the EEC and its major suppliers are speedily invoked.

More than 60,000 jobs were lost as a result of redundancies in the North West in the first nine months of this year, including 15,000 in textiles

'Legal trap' exposed in insurance policies

A LEGAL trap for insurance policy holders, enabling insurance companies to avoid meeting some claims, was exposed yesterday by the Law Commission.

Established to monitor the law and to recommend changes, the commission says legislation is "weighted too heavily" in favour of insurance companies. Reform is "urgently needed and long overdue," it says.

The law enables insurance companies to refuse to meet claims if they discover that a policy holder has withheld information about himself or circumstances which they consider they should have been told.

However, insurance companies do not have to ask specifically for such information when an application is made for a policy. The omission may come to their attention by chance after a claim has been made.

One victim of this rule claimed £14,000 in respect of stolen paintings. In the course of inquiries, the insurers discovered he had, several years earlier, been convicted of handling a forged $100 bill. They rejected his claim, saying that they should have been told of the offence. Their stance was supported by the courts.

The present state of the law puts insurance companies in the position of "both judge and jury." It leads to mischiefs that should be righted, the Commission says.

The Commission has produced a draft Bill aimed to implement reforms.

MPs propose big shake-up of higher education

Michael Dixon reports on a select committee's 46-point plan for change

A MAJOR shake-up for higher education was proposed yesterday by the House of Commons select committee on education, science and the arts.

The mixed-party committee's 46 recommendations would eventually group universities, polytechnics and colleges under the same quasi-independent supervisory body, and cause some of the 44 universities to stop doing research and become like polytechnics or liberal arts colleges.

The MPs strategy is to equip higher education for the "microprocessor age" by allowing individual institutions more freedom to respond to demand by students, who would include a much increased proportion of adults. Students would be supplied with improved information on courses available and on their likely employments prospects.

Government ministers should be given special responsibility for "continuing education" for adults, and for providing good careers advice, according to the nine-man committee headed by Mr. Christopher Price (Lab. Lewisham).

The aim should be to provide flexible courses which would be useful and attractive to more than the 12 per cent of the population involved in higher education.

In the meantime, the committee has called for emergency measures which would curtail several existing freedoms, particularly in universities.

Room for new staff able to develop different kinds of courses should be made by introducing "fair redundancy schemes," and by cutting the number of academics officially given life tenure of their jobs.

Surplus lecturers in mathematics, physical sciences and other subjects in which there are shortages of school teachers, should be encouraged to transfer to schools. Other surplus lecturers should be helped to re-train.

Although the MPs state as "a principle of policy" that students' grants and teachers' pay should be the same regardless of their subject, grants and pay should be given to those specialising on shortage subjects and promising to continue in "relevant employment" until the deficiencies in schools have been overcome.

In pursuing its longer-term aim, the committee is anxious to prevent what it sees as an attempt by the Department of Education and Science to gain effective control over higher education.

The MPs say that since the Department has so far failed to give adequate leadership, it should lose some of the few powers it has including that of approving new courses. In future it should be an observer providing improved statistical and planning information, and grants for special projects usually at the request of higher educational institutions.

Instead, they propose a new body, appointed by the Secretary for Education, to supervise the funding and planning of courses.

This Committee for Colleges and Polytechnics would watch over degree courses outside the universities. But it would have links, including shared members with the University Grants Committee. The MPs hope that the two bodies would gradually merge

Meanwhile, the University Grants Committee would be changed so it would have strong representation from employing organisations, trade unions and local education authorities, while retaining the majority of academic members.

Each college, polytechnic and university would have to submit to the supervisory authority a statement of the institution's purposes and objectives, with details of the courses research proposals and the types of students it intended to pursue. If approved by the supervisory body, each institution's plan would be published and used in assessing its success.

The MPs' committee said: "Some universities might come to take on increasingly the characteristics of polytechnics or liberal arts colleges in order to find a new role for themselves."

The Funding and Organisation of Courses in Higher Education. HMSO, £5.20.

APPOINTMENTS

Bridon group changes

A new executive structure has been announced by BRIDON which will be put into effect from December 1.

Mr. J. W. Naylor, at present in charge of UK and European activities, is appointed chief executive, reporting to Mr. Jack Laird, who remains chairman.

Mr. David Houghton, who is relinquishing his position of commercial director, Yorkshire and Humberside, British Steel Corporation, will be a director of Bridon and takes up the post of chairman and managing director, Bridon Steel, responsible for British Ropes and Bridon wire, which will continue to trade as separate companies.

Mr. G. E. Armitage, Mr. A. K. Clawson, Mr. P. Walker and Mr. R. H. Axe have been made executive directors of Bridon Steel. Mr. L. C. A. Newnham, chairman and chief executive of Briton International, is also appointed a non-director of Bridon Steel and Bridon Fibres and Plastics.

Mr. Houghton, Mr. Newnham and Mr. J. R. K. Buckley (who is chairman and managing director Bridon Fibres and Plastics) are responsible in the new executive structure to Mr. Naylor for the rope, wire and fibres and plastics activities of the group.

★

Mr. Edward J. Hammel has been promoted to assistant treasurer of RELIANCE GROUP INCORPORATED, New York. He will be responsible for short-term investments, cash mobilisation, short-term borrowings, certain bank relationships and various special projects.

★

Mr. E. F. Cutler and Mr. H. A. Drake have been appointed directors of TERRA NOVA INSURANCE COMPANY. Mr. Cutler is vice-chairman and chief administrative officer of Fireman's Fund Insurance Companies and Mr. Drake is president of Aetna Insurance Company, both of the U.S. Mr. Cutler succeeds Mr. B. T. Grimes, who has left the Terra Nova Board. Mr. O. R. Arton has also retired from the Board.

★

Mr. Peter J. M. Fairlie has joined the Board of GLENTURRET DISTILLERY, Crieff, Tayside. He will be responsible for bottled sales and director of the newly-formed retail division.

★

Dr. Peter Smith, research and technical director of ICI Organics Division at Blackley, Manchester, is the new chairman of the North West region of the CHEMICAL INDUSTRIES ASSOCIATION.

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No fall in interest rates yet, says PM

BY IVOR OWEN

PRIVATE SECTOR companies will benefit if the Government succeeds in keeping public expenditure within the totals set for this year and next, the Prime Minister insisted in the Commons yesterday.

Reduced Government borrowing would leave room for more private sector borrowing at a lower interest rate. She stressed: "We cannot bring interest rates down while the demand for loans on the part of both Government and companies together is as high as it is."

Mrs. Thatcher, in her first appearance at the Treasury dispatch box since MPs returned from the summer recess, resolutely defended the Government's economic policy in the face of further outright condemnation from the Opposition and some isolated sniping from the Tory backbenches.

Mr. Denis Healey, Shadow Chancellor, looked on in silence as Mr. Michael Foot, his main rival in the contest to decide who should succeed Mr. James Callaghan as Labour leader, led the onslaught from the Opposition front bench.

Moving in quickly in his role as deputy leader of the Opposition, Mr. Foot challenged the Prime Minister over the "leaked" secret documents which have highlighted the resistance coming from the Minister of Defence to the latest Treasury demands for retrenchment.

Whose side was the Prime Minister on? Was it that of Mr. Francis Pym, Defence Secretary, or that of Mr. John Biffen, Chief Secretary to the Treasury?

"Or do you think that this correspondence should now cease?" Mr. Foot scoffed to Labour laughter and cheers.

The Prime Minister immediately underlined her anger over the disclosure of confidential Government documents.

Whether in defence or other spheres, Government could not be carried on except on the basis of confidence and trust, she snapped.

"Matters which are confidential should be kept confidential." Mrs. Thatcher declared.

She stressed that this year's cash limit for defence had already been increased by some £250m through drawing on the contingency reserve.

Mr. Foot pressed her to say whether she agreed with the letter (marked "secret") which Mr. Biffen had sent to the Defence Secretary calling for cuts in the defence budget of £400m a year up to 1984.

The Prime Minister brusquely replied that she was not prepared to take lectures on defence from Mr. Foot.

She emphasised the benefits which would flow to the private sector from the containment of public sector spending when Mr. David Winnick (Lab., Walsall North) maintained that further cuts in Government expenditure would deepen the recession and force more people into the dole queues.

The Prime Minister explained that what the Government was trying to do was to hold to the public expenditure totals already published for this year and next.

"We should and must do that if there is to be room within the private sector for the necessary measures which they need to take," she said.

She also told Mr. Winnick: "It is wrong to say that cuts in public expenditure will lead to further unemployment.

"If we leave more and more burdens to fall on the private sector that is where unemployment will arise."

Mr. Nicholas Winterton (C., Macclesfield) complained that the private sector was carrying the major brunt of the effects of the Government's economic policy and urged the Prime Minister to look at the system operated in Western Germany to assist industry when interest rates rose above a certain level.

He suggested that some such action was required to ensure that there was some manufacturing base left in Britain when the Government's overall policies—"which I fully support"—were successful.

The Prime Minister answered that it was the total demand for borrowing, partly by the public sector and partly by the private sector, which was keeping up interest rates.

If the Government borrowed less there would be lower interest rates, and a reduction in the proportion which the Government took in public spending would leave a greater part for the private sector.

Capitulation on the Tory backbenches

By John Hunt, Parliamentary Correspondent

IN YEARS gone by, one of the old-time attendants in the Commons used to cast a jaundiced eye over the Labour defence team and snort contemptuously "Look at 'em. Not a Guards officer amongst 'em!"

As a former serjeant major in the regular army he was voicing the orthodox view that the safety of the realm is only assured by a political party stuffed with ex-officers namely the Conservatives.

The present Defence Secretary, Mr. Francis Pym—9th Lancers, twice mentioned in despatches—certainly passes muster on this score. Yesterday however he was said to be in trouble. Barrack room lawyers were suggesting that there was going to be a full-scale Tory rebellion over the leak of reports suggesting further horrendous defence cuts.

Everyone was waiting to see whether the Conservative malcontents would have the courage to live up to the Oxford dictionary definition of rebellion—"open or determined defiance of, or resistance to, any authority or controlling power."

There was an air of expectancy as Mr. Winston Churchill (C., Stretford) rose on the first defence question. Was he going to repeat his recent fire-eating performance on the radio when he angrily denounced further cuts?

Not a bit of it. Instead he turned about and lambasted the Opposition over the "shambles" of the Labour conference when the party came out in favour of unilateral disarmament.

Irritated by the flabby capitulation on the Conservative backbenches, Mr. William Rodgers, Labour's defence spokesman, vainly tried to get the truth about the recent leaks.

Blandly Mr. Pym brushed it all aside. Purely a routine matter. The Chancellor was carrying out the normal spending review and trying to achieve Government objectives at lower cost. What could be more reasonable than that?

Conservative MPs cheered with relief when he promised that the Government was absolutely committed to increasing defence spending by 3 per cent annually over the next three years. Presumbaly they did not hear his qualifying words when he quietly added that at this stage no one could be certain whether there would be an overspend or underspend on this target.

Definitely, it was not an occasion when medals for valour were being handed out. As the bloodless engagement came to an end, one felt that at a word of command from Mr. Pym, the Tories would have formed ranks and obediently marched out of Chamber four abreast.

But then, as in the Guards regiments, loyalty and discipline have always been the paramount virtues in the Conservative party.

Pym rejects £500m cut in defence

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. FRANCIS PYM, Defence Secretary, made it clear yesterday that he was not prepared to accept anything like the £500m cut in defence spending next year proposed by the Treasury.

He used defence questions yesterday to spell out what he regarded as the Government's commitment. To Tory cheers he said the Government remained "absolutely committed to the NATO level of 3 per cent this year, next year, and the year after."

Mr. Pym acknowledged, however, that although this was the Government's aim, he could not be certain that it would be met exactly because of difficulties in making precise predictions. But the 3 per cent increase was the aim, he stressed, "and that is what we are committed to."

Mr. Pym, who has been through long and difficult negotiations with the Treasury, also announced that contrary to previous Ministry of Defence estimates, defence spending last year was 3 per cent up on the previous year.

At the same time, he confirmed that the three months' moratorium on defence spending would be relaxed within the next few days, though he made it clear that it would be replaced by an only slightly less tight regime.

Some Tory MPs have been alarmed at reports that the Treasury wanted a £500m cut in planned expenditure for 1981-82, since this could mean that instead of increasing defence spending, expenditure would actually fall next year.

Tory Right-wingers were rather less vocal in their support of the 3 per cent commitment yesterday than might have been expected. But Mr. Patrick Cormack (C., Staffordshire S.W.), promised that Mr. Pym would have "our fullest support" in ensuring that defence expenditure was not only maintained but increased.

Mr. William Rodgers, Shadow Defence Secretary, claimed that Mr. Pym's assurances about increased expenditure were "very bland." Labour, he said, had been saying for months that the Government was "living in a dreamland," if it thought its planned levels of defence spending could be sustained in a recession.

The whole defence planning was now in a mess, he claimed. The credibility of the Government as a whole—"and I regret to say Mr. Pym's—was at stake.

Mr. Pym insisted that no decisions had yet been taken about any cut, and that the talks taking place with the Treasury were simply "discussions."

The Government, he repeated, had spent more on defence last year than the year before, was spending more this year than last, and would spend more next year than this.

Just under three months ago, the Ministry of Defence imposed a moratorium on new defence contracts because it was so far over its cash limit. Mr. Pym claimed yesterday that expenditure was under control. He said he would be announcing within the next few days alternative arrangements for reining back defence expenditure.

The moratorium, he said, had been too blunt an instrument. His department was having discussions with industry about some new arrangements which would cause companies less problem. It would, however, he stressed, be a "strict regime."

Left lose bid to put off PLP contest

BY RICHARD EVANS, LOBBY EDITOR

THE CONTEST for the leadership of the Parliamentary Labour Party was launched officially yesterday after an attempt by the Left-wing to postpone the election was resoundingly rejected.

Nominations for Mr. Callaghan's successor were called for immediately the rowdy meeting of the PLP ended and the first ballot will start this evening.

The result will be announced next Tuesday and if, as expected, a second ballot is necessary it will ttake place from next Tuesday until the following Monday, November 10.

Barring last-minute surprises, it will be a four cornered contest between Mr. Denis Healey, Mr. Michael Foot, Mr. John Silkin and Mr. P eter Shore.

Mr. Healey, Shadow Chancellor of the Exchequer, remains the favourite in what could be a close fight with Mr. Foot, deputy leader.

Both the leading contenders will be speaking from the Opposition front bench in today's Commons censure attack on the Government over the level of unemployment.

The move by the Left to suspend the standing orders of the PLP, and postpone the leadership election until an electoral college with a wider franchise can be devised, was heavily defeated by 119 votes to 66.

The 90-minute meeting was a rowdy one which showed evidence that the Right is hitting back fiercely in its efforts to maintain the independence of MPs following the mauling at the party conference.

While Mr. Eric Heffer, a leading member of the National Executive Council, was moving the motion to suspend standing orders he was barracked aggressively by the Right.

Mr. Heffer accepted that the PLP would not be acting illegitimately or illegally if it proceeded with the election, but he argued it would be ill advised for MPs to elect their own leader after the conference had committed itself to constitutional changes

"I do not want to see the Parliamentary Party pulling in one direction and the rest of the movement pulling in another," he declared.

In contrast, Mr. Mike Thomas, MP for Newcastle Central, and a leading member of the Right-wing Manifesto Group commented: "We are not going to accede to the bludgeoning of the NEC and to the petty blackmail by their supporters in the country. That would be a betrayal of every Labour member of Parliament in the past 80 years—a betrayal of ourselves and a betrayal of the principles of representative Parliamentary democracy."

In a later debate an attempt by the Left to ensure there was an open rather than secret ballot on the leadership was rejected by 139 votes to 52.

The fear of the moderates was that a declared vote for Mr. Healey could mean trouble with Left-wing activists in their constituencies and the possibility of not being re-selected as candidate at the next election.

Prison officers step up action as emergency measures debated

BY PAULINE CLARK, LABOUR STAFF

THE CRISIS in the prison service deepened yesterday when union leaders in the prison officers' row over meal-break payments announced they would spread industrial action to prisons in Northern Ireland.

From tomorrow, officers in eight Ulster prisons will be instructed to refuse to accept new inmates in support of action being taken by their colleagues in England and Wales. The action is also expected to affect the Maze prison, scene of the IRA hunger strike.

Mr. Colin Steel, chairman of the Prison Officers' Association, said yesterday that Irish members had agreed to take action although they were not directly affected by the meal-breaks issue.

The decision by the POA executive last night followed the union's failure yesterday to persuade Mr. William Whitelaw, Home Secretary, to recall the May committee of inquiry into the prison service to take another look at prison officers' grievances.

Mr. Whitelaw ruled out any further reference to the committee as he attempted to rush through Parliament a series of emergency measures designed to combat industrial action.

He warned that the dispute was putting the public at risk and attacked the union for embarking on action which represented a challenge to the integrity of the administration of criminal justice.

MPs, preparing for an all night sitting on the Imprisonment (Temporary Powers) Bill, were told that more than 3,500 prisoners were now held in police cells in conditions that were "unsatisfactory in human terms" and often with lower standards of security than the public had a right to expect.

The temporary provisions in the Bill will operate for three months and can be renewed for monthly period after that through an order in Parliament.

The Bill will enable Mr. Whitelaw to approve alternative places for detention of prisoners and to release temporarily remand prisoners and prisoners nearing the end of their sentences.

Courts will also be able to remand prisoners in their absence and the power of the courts to imprison offenders for non-payment of fines will be restricted.

Mr. Whitelaw also made clear that the Home Office was determined that the creation of a new common duty system—now being negotiated to cover all prison officers—should provide a solution to the POA's demand fr equitable treatment for all its members claiming payment for meal breaks.

The union has warned, however, that failure to settle the present dispute will jeopardise progress towards agreement on a new system

The POA executive decided however against stepping up action further in England and Wales since it was "quite obvious that our action is being very very effective.

Government defeat in the Lords

THE GOVERNMENT suffered a defeat in the Lords yesterday following a row over plans to force local authorities to absorb profits from their money-making undertakings into town hall coffers.

Lord Hill of Luton (Ind.) successfully moved a change during detailed debate on the Local Government Planning and Land Bill. The Bill would have allowed councils with profits from markets, airports, ferries and other operations to use the money in any way they wished.

Airports would be badly hit by the Government plans, said Lord Hill.

Under the terms of the Bill as originally drafted, airports would not have been able to use their profits from revenue. The money would have gone back to the council and then the airport would have had to compete for cash along with other services such as education and housing.

In a vote the Government was defeated by 131 to 92, a majority of 39.

Go-ahead for Polish ship as yard workers lift ban

BY RAY PERMAN, SCOTTISH CORRESPONDENT

WORKERS AT the Robb Caledon Shipyard, Dundee, have lifted the overtime ban which trapped the last vessel of the Polish order in the yard. The ship, a 4,400-tonne bulk-carrier, is several months late, though work on it is almost complete.

British Shipbuilders hopes to finish the work and sea trials in time for delivery by the New Year.

The workers agreed to lift the ban, in force for a year, to allow talks between Mr. Robert Atkinson, chairman of the nationalised Shipbuilding Corporation, and national union officials.

Robb Caledon has lost money heavily and found no contracts to replace the Polish order, its only work.

Employment at the yard has been cut from 1,500 last year to about 700, and will drop further through voluntary redundancies.

A plan to switch to offshore contracting or ship repair has yielded no orders, and tenders for new merchant ships were also unsuccessful, largely because British Shipbuilders insisted that the yard tender on the basis of its productivity record rather than projections of possible improvements.

● Our Shipping Correspondent writes: Mr. Atkinson said yesterday after a visit to Govan Shipbuilders on the Clyde that the European shipbuilding industry could be driven out of business within five years unless something was done about Japanese competition.

"We have a powerful, determined and ruthless competitor in the Japanese," he said.

British Shipbuilders planned to ask the Government to approach the EEC for help in tackling the problem. He did not rule out the possibility of curbs on Japanese ship imports.

Strikers sacked

● About 450 workers at Lewis Offshore's fabrication yard at Arnish Point, Stornoway, who went on strike on Friday, received dismissal notices in the post yesterday.

The strike, effecting nine contracts at the yard, is over the number of sub-contractor employees being brought in from the mainland instead of the mainland instead of the work being done by locals.

Some feel this is in breach of the agreement between the company and the Stornoway Trust, landlord of the publicly-owned Stornoway Estate, which leased the land to the company.

The underlying cause of the dispute is thought to be that there is one set of conditions for incoming workers and another, less favourable, for locals. Sunday work on the site is also said to be in contravention of the agreement with the Stornoway Trust.

Mr. Angus MacLeod, the shop steward, said that all the local workers, about 450, had received dismissal notices.

The letters stated: "As a result of the current unofficial strike you are formally advised that you are in breach of the terms and conditions of employment. We therefore officially inform you that you have been considered to have terminated your employment with Lewis Offshore with immediate effect. Arrangements will be made to have all outstanding particulars to be forwarded to your home."

The 150 sub-contractor employees ignored a request not to cross the picket lines yesterday and went in to work.

The Panamanian-registered cargo vessel Elst, which has 700 tons of steel for the costly Marathon contract at Arnish csannot be unloaded because of the strike.

Lewis Branch of the Scottish National Party issued a statement backing the strigers, and asked Mr. Donald Stewart, the party's MP for the Western Isles, to investigate.

Multinational 'greed' attacked

BY OUR LABOUR STAFF

IT WAS a brutal fact of life that millions of people in developing countries were the target for "wholesale exploitation" by multinaional companies operating from Europe and North America, a national union official told an international union conference in Mexico yesterday.

Mr. David Warburton, General and Municipal Workers' Union national clericals officer told delegates to the Congress of the International Federation of Chemical, Energy and General Workers that "wherever there is poverty, the multinationals exploit the situation."

India, for example, had to pay more for essential drugs than European buyers because of the monopoly interests of the major companies. Even vitamin C was nearly four times more expensive in India than in Europe.

Multinationals controlled 80 per cent of the market in Brazil and nearly 70 per cent in the Argentine.

"In South Africa some of the biggest names in industry and commerce are to be found paying starvation level wages and collaborating with anti-trade union legislation," said Mr. Warburton.

"Throughout Latin America, across Asia, into Africa the power and influence of vested capital stretches out and all too often the trades union voice is stifled."

Union officials in many countries faced tremendous difficulties in establishing democratic unions "against the coalition of reactionary governments and big business interests."

The federation had to assist these unions not merely by supplying information. Trade patterns distorted relationships and protectionist policies to safeguard individual industries before firm positions were adopted.

The federation's resources had to be developed so that unions in dieffrent countries had a better understanding of each other's problems and that the federation could expand its mebership.

● Mr. Warburton has written to Mr. Jim Bell, general manager of personnel operations at ICI saying that the management has implied that consultations took place with union representatives before the company's board "finalised" its plans for the closure of two factories and the loss of more than 4,200 jobs.

The letter says this is not true and the union says this statement should be "corrected" by the management.

Ford plant stops as staff are laid off

THE ON-OFF production at Ford's Halewood plant halted again today, only two hours after a peace formula had been worked out to end two previous disputes.

The Merseyside factory has lost production of 500 new Escorts—valued at nearly £2—in two days.

All 2,500 day shift men in the body and assembly plant were sent home yesterday in a row over how fast 45 men should work in the paint shop.

The company said the latest problem wasc aused when the 45 men, who seal bodywork joints, refused to work while discussions were held over new work levels.

The 45 men refused to work normally so we had to suspend them. This forced the 2,500 men in the body and assembly plant to be laid off for half of the day shift.

"We did not want to do this, but had no alternative. We are in the business of producing cars, not going on strike. But the area where the 45 men work is something of a bottleneck

The company wants the men, members of the Transport and General Workers Union, to handle 37 cars an hour, but has agreed to drop the level to 34 while talks go on to see if new equipment is necessary to help speed up production.

The men say the targets are too high, and that they should handle only 24 cars an hour.

On Monday, the 2,500 men in the body and assembly plant were laid off because 15 men in the fittings section walked out because they didn't want to walk 50 yards ot a locker room.

The 45 men in the paint shop were later urged by shop stewards to return to normal working today.

Warnings against further cuts in Health Service

OPPOSITION to any further cuts in the National Health Service came from two unions yesterday.

Miss Ada Maddocks, secretary of the General Whitley Council Staff Side, has written to Dr. Gerard Vaughan, Health and Social Security Minister, expressing concern at reports of further large-scale cuts in the NHS.

She said: "The time has come for the Government to give some positive indication that it is committed to the continuation of a service which is available to all, free at the time of need, and not moving us rapidly to a system of health services available, dependant upon ability to pay.

"The Staff Side would submit that the seriousness of the situation requires a positive statement on the future of the NHS to be made by Ministers responsible for the provision of health care services.

Meanwhile, Mr. Albert Spanswick, leader of the Confederation of Health Service Employees, has appealed to his 212,000 membership for more information about empty beds and closed wards in hospitals. This follows the news that several newly-opened hospitals in Plymouth, Nottingham, Sheffield, Ealing and Newcastle have wards in "mothballs."

Mr. Spanswick said: "Judging from recent news, the Government seems to be determined to create several Centre Points in the hospital services; large modern hospitals that will stand empty for years while patients on the waiting list stare at them from the outside wondering when they are going to be admitted.

"I challenge the Government to say if it will be the first in history substantially to reduce spending on services to patients."

Union attacks maternity benefit plans

THE GENERAL and Municipal Workers' Union, one in three of whoe members are women, yesterday criticised the Government's proposals on changing maternity benefits.

"This is not a 'fresh look' at the benefits," said Mrs. Pat Turner, GMWU national equal right officer.

She added: "This Government only looks at Social Security benefits of any kind for one of two reasons—to save money or to save staff. This 'fresh look' at maternity benefits will be no different.

"The 'no cost' principle underlying the proposals precludes any change for the better.

The Government, she said, "has not seen fit to provide us with estimates of how many women will gain, who will lose, and by how much under each of their three options for change.

Crowded police cells and 'overflow' camps may obscure underlying dispute

Pauline Clark looks at the prison officers' action, which involves principles as well as money

WITH THE Home Secretary's announcement of emergency plans to deal with the latest crisis in Britain's prisons, there appears once again a danger that the underlying dispute involving 21,000 members of the prison officers' trade union will be upstaged by the drama of overcrowded police cells and the use of military camps to cope with the overflow.

Two years ago the same dispute over payments for meal breaks also led to action by prison officers. And the issue was similarly obscured by the events that followed.

Although the action was sporadic, it quickly led to a spate of dire warnings from prison governors that the prison service was being badly damaged and that it might be only a matter of time before they had a major prisoners' revolt on their hands.

But last time thet dispute was prevented from causing a more serious crisis by the setting up of a committee of inquiry into the prison services as a whole under Mr. Justice May.

But while the meal breaks issue occupied a major part of the report published in November 1979, events since have shown that the underlying grievances have not been solved. Indeed, the Prison Officers' Association has pointed to its recommendations as having given rise to further grievances over anomalies leading to widespread discontent among its members.

Nevertheless, when the association's executive met yesterday to consider its position following some three weeks of industrial action, it pressed for the recall of the May committee to look again at the meal breaks issue.

The row is both a dispute over principle and over money. The union argues that it can no longer tolerate a situation where members working in half of the country's prisons are paid for extra meal breaks when their shifts are lengthened into overtime while those in the remaining establishments are not.

The claim, if met, could amount to about £5 a week to those officers not being paid. If backdated it could total £5m, by the Home Office's own calculations.

So far the Home Office has not taken up the association's attempts to get its grievances heard by a third party. It has indicated moreover that even if the claim were found to be justified, the money is not available to meet it.

anxious that negotiations on a new shift system within the service as a whole will provide a solution.

But the association says it will not allow the Government to get away with not meeting a just claim in the interim and has warned that the negotiations are jeopardised by what it sees as the Home Office's intransigence.

The root of the meal break problem lies in the existence of two shift patterns in the prison service for which there are two sets of instructions on patterns of work.

One relates to shifts in big local prisons where the bulk of work for prison officers is during the day, and the other in prisons where special supervision work extends into the evenings.

The Home Office is clearly

In both cases, however, the general rule applies through national agreement that prison officers receive payment only for the hours they actually work and thus not for meal breaks that fall within the normal span of the working shift.

The rule only started to become contentious in early 1973 when prison officers working main shifts starting at 7.45 am were asked at some establishments to arrive at 7 am. This necessitated a break for breakfast.

As a result in 1978 the Home Office was faced with a number of claims for breakfast payments which were eventually granted.

This led to the May committee recommending that a further claim for payment for unscheduled midday and tea breaks should be met for those prison officers working under one of the two sets of instructions — known as the functional group system.

It held that technically, however, it could not extend the recommendation to cover similar claims by the other duty system because any further improvements in conditions had to be a subject for negotiation.

In short, it was saying that the Home Office had made a special provision which could apply to claims by the POA on behalf of members working the FGS system but not to similar claims from the other duty system since they were covered still by the national agreement and existing conditions of service.

The prison officers see a dual justification in their claim. One is in the interests of equitable entitlements for the two groups working under separate instruction books.

The other lies in the interests of a general principle that if an officer is required to lengthen his shift beyond lunch-time, for instance, he should be paid for the meal break as well.

But the argument cannot be divorced from the overall problems of industrial relations in a service which has for too long been deprived of sufficient resources by successive Governments.

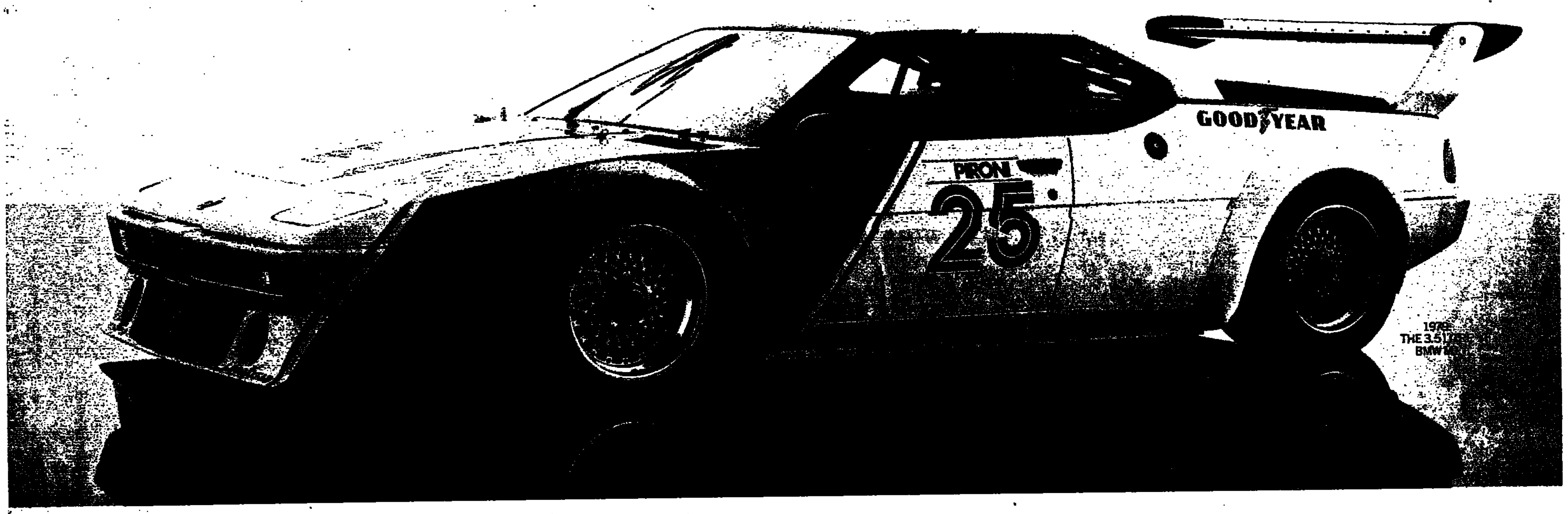
Problems of overcrowding and understaffing in Britain's 127 penal establishments have led to increasing fears not just of damaging action by the staff who work in them but by the prisoners themselves.

The prison workers have further been inflamed by what they see as more evidence that governments simply do not care about conditions in the service—at least not enough to channel sufficient funds into them.

Civil servants are regarded as having too much say in the running of a service about which they have little understanding.

The POA argues, for instance, that the Home Office is setting great store on the introduction of a common shift system and is simply not listening to warnings from the grass roots that many prison officers may object to major changes in their working lives.

1978: THE 3.5 LITRE BMW CSL.



1979: THE 3.5 L... BMW M...

1980: THE 3.5 LITRE BMW 635 CSi.

BMW's RACING ENGINE IS NOW AVAILABLE TO A WIDER PUBLIC. BUT NOT MUCH WIDER.

The engine in question has quite a pedigree.

In the CSL coupé it helped BMW win the European Touring Car Championship four years in a row.

It was a performance, however, only really appreciated by racing drivers like Niki Lauda, Jacky Ickx and Hans Stuck, who discovered how, with this engine, they could beat even 5 and 7 litre rivals.

Then, for the M1 racing car, the engine was developed still further. So, ultimately, it could produce 800 bhp from its six cylinders.

It first raced last year in the Pro-Car Championships. But, again, this was a pleasure restricted to racing drivers like Clay Regazzoni, Nelson Piquet, Jacques Laffite and Alan Jones.

It seemed, however, that it was selfish to restrict such an engine just to the race track.

So a 140 mph road version of the engine was developed for the 635 CSi coupé.

And its high speed performance is now accompanied by a remarkable low speed docility. If asked to, the vehicle will trickle along without protest at 1500 rpm in any gear, and then pull away cleanly and strongly as soon as you open the throttle.

But its racing origins clearly show when the car then is flicked, flat-out in second or third, through S-bends so close and difficult that they demand the very best of car and driver.

The 6 Series Check Control System ensures that the car is able to give exactly that: just press the test button before you drive off and seven key functions of the car are electronically checked.

As for the driver, this BMW's biomechanical design makes the most of his skills.

The driving position, for example, can be optimised by adjusting the seat for height, tilt, reach and rake.

And the controls and instruments are carefully sited to minimise the time gap between reaction and action.

All in all, rather than being a coupé version of a saloon car, the 635 is very much a car bred directly out of BMW's race track experience. (Witness the fact that a 635 has already won the first rounds of the 1980 European Touring Car Championship at Monza and Vallelunga.)

Alas, it's an experience no more than 595 people in Britain will be able to enjoy in 1980.

Our apologies: but we can't make our 635 CSi any faster.

THE ULTIMATE DRIVING MACHINE

THE BMW 6 SERIES COUPÉS START FROM £18,950. PRICE, CORRECT AT TIME OF GOING TO PRESS, INCLUDES CAR TAX PLUS VAT BUT NOT DELIVERY OR NUMBER PLATES. FOR DETAILS OF YOUR NEAREST BMW DEALER AND A COPY OF OUR 6 SERIES BROCHURE PLEASE WRITE TO MARKETING DEPARTMENT, BMW (GB) LTD., ELLESFIELD AVENUE, BRACKNELL, BERKSHIRE RG12 4TA. FOR TAX FREE SALES, 56 PARK LANE, LONDON, W1. CALL 01-629 9277.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

● STORAGE

Silos mean more bread for bakers

NOW WITHIN the reach of the smaller baker is a silo system which offers him the economic advantage of being able to buy flour in bulk, instead of bags, and also saves on manpower in the bakery.

Silos made from high-quality heavy-duty steel internally coated with two-component food quality epoxy resins to give a smooth non-porous surface, are each of 6 ton capacity. One, two or more silos can be installed, depending on requirement and availability of space, and filling is via two intake couplings each of which is fitted with an in-line tanker sieving screen to prevent the ingress of impurities.

Each unit is fitted with intermediate side-wall sight glasses, a large Plexiglass low level access port, and a tanker air release filter.

In the event of a sub-standard delivery, a tanker feed point has been incorporated which allows poor flour to be returned from the silo to the tanker — this would otherwise have to be laboriously bagged off by hand for return to the mill.

A fluidising bed principle is also incorporated, and a pneumatic conveying system, and the required amount of flour can be simply selected on a dial scale at the weigh-off point so that the precise amount of flour is delivered at the push of a button, thus saving time, labour and material costs.

From leaving the mill to arrival at the mixing bowl, the flour is transported by air alone. This means a clean system, much less prone to infestation or mechanical malfunction and the air-handling also enables extra silos and weighers to be easily plugged-in to the system at a later date.

Because of low headroom in an area at D. J. Bevan Bakeries at Morriston, Swansea, an installation consists of two six-ton silos whose shallow angle fluidising beds make maximum use of space which was previously allocated as a bagged flour store.

Bevan says it was the fluidising bed system which prompted the choice of the system from Atlas Equipment (London), PO Box 53, 339 Lordship Lane, London N17.

The use of ever-weaker grist EEC wheats is making flour more sticky, says the baker, and it is essential to have a silo discharge system which does not allow the flour to stick or bridge in the first place.

Whole system now operating at Bevan Bakeries is automatically controlled from a prewired control unit which gives information regarding the status of each component.

● MATERIALS

Abrasives from Sweden

A NEW office/factory complex is being set up at Oakham Drive, Parkwood, Sheffield, for the UK end of Swedish SlipNaxos, which announces considerable growth in the grinding wheel and coated abrasives market in the UK steel and woodworking industries.

SlipNaxos GB will be importing jumbo rolls of coated abrasives from Sweden and will be installing machinery for slitting and joining the abrasive material into belts, sheets, discs and rolls.

Ptarmigan: the System X of the battlefield

BY ALAN CANE

FIRST THERE was "Hobart." Then there was "Mallard"—which never really got off the ground—now there is "Ptarmigan," which is flying to the tune of £150m of Ministry of Defence money.

"Ptarmigan" is, of course, the new battlefield communications system developed for the British Army and Royal Air Force and designed specifically for conditions in Germany and central Europe.

On Monday it was announced that the Plessey company had been awarded prime contractorship for the production of the system in what may be the largest single UK defence communications contract.

It has been a long time in gestation. Mr. Norman Porter of Plessey, director of development for Ptarmigan since the beginning, says he wrote an initial concept paper 20 years ago while he was still in the Services.

"It was a concept ahead of its time and, of course, we had to wait until the technology caught up with the ideas—but it was the right thing to do," he said.

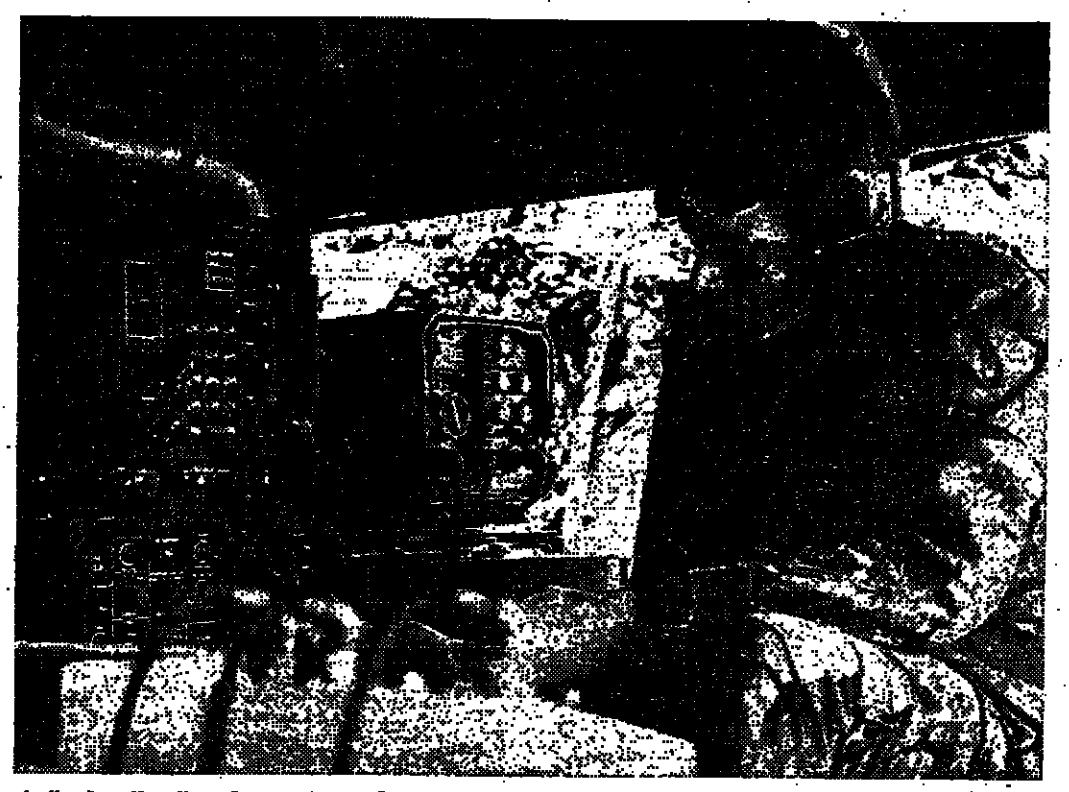
The award of the Ptarmigan contract must have gone a long way to recompense Plessey for losing to GEC in the provision of computers to run System X, the new Post Office all-digital telephone exchange system. Ptarmigan is, in many ways, the System X of the battlefield.

System X is being built on GEC 4080 computers; Ptarmigan uses Plessey S250 computers, specially designed to handle both call switching and information processing.

Ptarmigan is one of the most advanced examples of a fast growing area of information technology, command, control and communications, or C³ as it is known in the jargon.

According to Mr. Porter: "For the first time the armed forces will have a complete system of command, control and communications which operates in battle conditions."

He went on: "For the first time, proper and effective use can be made of computers on the battlefield. It is a self-organising system designed specifically to cater for a mobile population."



A "subscriber" makes someone happy with a telephone call. The cost to the Ministry of Defence is initally £150m.

The essence of Ptarmigan is sound, secure communications. These days, communications on the battlefield take place through telephone exchanges mounted in the backs of lorries. The existing British system is called "Bruin." Its chief disadvantage is that a "subscriber" (as Plessey quaintly terms a battle-soiled commander crouching in a foxhole anxious to make contact with his senior command) has to know the whereabouts of the individual he wants to talk to, and then dial through a series of exchanges.

In other words, the subscriber has to know the configuration of the network of lorries and control posts, and if that configuration changes, making contact may prove difficult or impossible.

Ptarmigan has changed all that. Each subscriber has his own personal number and the network "knows" how it is configured and where each subscriber is situated.

Actual communication between exchanges takes place over high speed radio links. All the information is in digital form — that is, it is coded as a series of electronic pulses which can represent speech or information — and microprocessor-based encryption techniques are used to make communications totally secure.

The radio links must be secure from interference and scrambling by an enemy, so a "frequency-hopping" technique is used; the frequency of transmission changes rapidly according to a predetermined plan, making scrambling difficult.

The use of digital techniques—in which *all* communications are transmitted as identical electronic pulses — means that the system can be used to transmit voice, telex, facsimile and data with equal facility.

"Command and control" means the ability to receive, analyse and respond to new information.

As one leading C³ specialist put it: "It lets you know which options you have left." For Ptarmigan, it means using computer power on the battlefield, and in particular, using computer power to maintain the communications system itself. After all, to keep 20 or so mobile exchanges each supported by up to 40 people on alert 24 hours a day is a major logistics exercise: "It's a dreadful job; planning is awful," a member of the Ptarmigan development team said.

The answer is a series of lorries carrying management computers—again the ruggedised, super reliable S250s—which can be logged into the communications network to build up a logical plan of where each part of the network is operating. It can take account of what Plessey delicately calls unplanned system movement—that is, a direct hit on an exchange.

The facilities in the system include, rather like System X, call priorities, call transfer facilities, conference facilities and store and forward.

There is some agreement that Plessey and its partners in the Ptarmigan contract — they include Standard Telephones and Cables, Marconi Space and Defence and BICC Cables—have a technological lead in tactical C3 systems

Plessey's lead is reckoned to lie in the way it has ruggedised the system ("That means top quality components and hard work" a contractor said) and in the networking software, written in the MoD real time language, CORAL.

● ENERGY

Less heat through the roof

SOMETHING LIKE one quarter of the total heat lost from an inadequately insulated building escapes through the roof.

And the greatest culprit is the rooflights. One answer to the problem is provided by Thermocell, a translucent, corrugated panel of cellulose acetate which, according to the makers, traps three layers of air under the glass of industrial roof lights, and saves up to 70 per cent of the heat

According to the manufacturers, Thermocell of York, the capital outlay will be repaid in two years equivalent to a 50 per cent return on investment.

Or in gross terms, if every industrial concern in the country was to exploit the advantages of Thermocell, the savings to Britain in a full year in energy costs would be £500m.

The effectiveness of Thermocell is measured as the decrease in thermal transmittance (or U value in the jargon) of the window light-glass when Thermocell is applied.

The makers claim that conventional glass has a U value of 6.0 (that is measured in watts per square metre per degree centigrade) while glass covered with Thermocell has a U value of only 2.15. And while ordinary clear glass transmits 87 per cent of incident light, when it is covered with Thermocell, transmittance is reduced by only 2 per cent.

The Thermocell panels are fixed in place with glavanised steel clips. A Swedish invention, Thermocell installations have been used in that country for 40 years apparently without signs of decay.

Thermocell can be contacted 0904 36440.

● DATA PROCESSING

Package for accountants

THE REMARKABLE power of the Rolls-Royce of the hand-held calculator, the Hewlett Packard 41C, has been employed to run a full scale accountants package.

Zengrange of Leeds has written an Incomplete Records package which it claims provides facilities which are faster and more flexible than systems costing many times more than the £1,450 it is asking.

That price includes the cost of the calculator but not VAT.

The HP 41C is itself a remarkable device which prints alphabetic characters and well as numerals and is probably as close to a hand held computer as it is possible to get with today's technology.

The Zengrange package provides a printed audit trail and analyses, accepts adjustments, allows for creditors and debtors while automatically producing a profit and loss account, trial balance, final balance and the figures for the schedule of fixed assets.

According to Zengrange, no preliminary coding is required. 41 ledger account headings can be called up at the touch of a key.

The headings include bank, plant, sales, purchases wages, depreciation, fixtures and fittings and accountancy.

Understandably anxious that customers will look cynically at a package that costs so much less than other system, Zengrange is offering 14 day trials on a money-back guarantee basis. Zengrange is on 0532 583991.

General purpose system

LATEST FROM the Burroughs range of computers is the B900 series, which the company claims, is the first general purpose business system of its size and price to use multiprocessor architecture and multiprogramming techniques.

Up to eight independent function processors are used in the new machine; one provides operating control, another manages the data files, two task processors compile and execute user aplication programs and the fifth handles data communications.

The B900 also uses a "fall safe" system of interswitchability between processors. Thus the task processors may be quickly switched to handle file management or systems control in the event of breakdown.

The individual task processors themselves are interchangeable.

The machine is programmed in Cobol and/or RPG and the entire range of Burrough screen-based software products will run on the system.

The system uses new Winchester technology fixed disc drives developed at Glenrothes in Scotland and new 300 and 500 line a minute printers made in Cumbernauld are available. Prices start around £35,000. More from Burroughs on 01-759 6522.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Class and the British entrepreneur

BRITAIN IS beginning to catch up with North America in the supply of the managerial type of entrepreneur—the man who, instead of creating his own business, finds more satisfaction in getting hold of the reins of an established, large corporation and driving it in new directions. He is an employee, not an owner, and so assumes a different kind of personal risk in the fulfilment of his task than the traditional entrepreneur. But a number of publicly quoted companies are showing better performance because of the injection of energy and talent by the new breed of better-educated professional entrepreneurs.

This thesis is advanced by Nicholas Stacey, chairman of Chesham Amalgamations, in a lecture given yesterday to the faculty of business at McMaster University in Canada. He points out that traditionally the image of the entrepreneur in Britain has been bad.

"Most people want to be rich, but not too many are prepared to take the risks associated with wealth creation. One of the reasons why the working-class and the better-educated immigrant class nurture so great a proportion of entrepreneurs in Britain is that both types start from the bottom of the social pyramid; should they fail, such persons have little to lose in social esteem.

"The exact opposite is true of the indigenous middle class wherein the social penalties of failure are considerable. Middle-class fear of failure applies particularly to business, a pursuit no-one in his right mind would have chosen but for wanting to make money. . . . The risk of failure in business and the social approbrium attendant upon it have been major causes in holding back young men from starting up on their own in Britain."

Stacey points out that English literature, especially the novel, is unkind to the entrepreneur, *mainly for class reasons.* Economics textbooks and teachers have until recently disdained mentioning him or analysing his role. No theory has been developed about the entrepreneur to validate his inclusion in secondary school or university syllabuses as a subject worthy of study. But Stacey thinks the scene is beginning to change.

"Corrective changes are taking place in Britain with potentially far-reaching benefit to the image of business and of the entrepreneur. New intellectual notions about freedom, the role of the state, the functions of trade unions are all pointing to trade and industry as desirable pursuits and this is reinstating the role of the entrepreneur."

Geoffrey Owen

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Trading

I have shares in a private company whose only asset is a 50 per cent share in a private trading company. I have asked for the accounts of the trading company and have been refused, but without them the holding company's accounts mean nothing. Can I insist?

Do the emoluments of the **directors of a private company have to be shown in a similar manner to those of a public company? What can be done to control what appears to be excessive directors' fees —in this case £15.100 against dividends of £8,900? If the directors also receive fees from the trading company, do they have to declare it?**

You would not be entitled to see the accounts of the trading company in your capacity as a shareholder. If you are a director of the holding company you may require to see the accounts of the company which is your company's sole asset. Otherwise you can only use your voting power to prevent the acceptance of the company's accounts at the annual general meeting; but that can only be achieved if there is no chairman's casting vote. The total directors' emoluments should be shown. We doubt if fees of the order which you described could be attacked successfully on the ground that they are excessive. Fees from the trading company should be declared unless there are provisions in the Articles of Association negating the requirement, as there very often are.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A weight watcher in search of growth

Rhys David reports on a small engineering company struggling to find development capital

WEIGHING UP a growth strategy is never easy, least of all for a small company without access to ready development capital.

The small businessman's alternatives are few — borrow if he can get anyone to lend or perhaps let in an outside investor at the expense of forfeiting a strategic equity stake.

If the first fails then the second choice becomes increasingly tempting, especially if there is a growing order book on hand. For one Cheshire businessman the decision has not been easy.

But he has decided not to give up any equity of his Sandbach-based company, even if it means revising downwards his long-term projections. The price for outside participation was too high, he says.

Ken Shippen is managing director and majority shareholder of Solidate, a company he set up from scratch eight years ago to make heavy electronic weighing machines. His products, which are made from heavy concrete platforms, are used to weigh a variety of products from road tankers to rail trucks, and turned in £1m of sales last year.

Solidate is in many ways an example of the type of new business which the Government hopes will spring up in response to its policies of encouraging entrepreneurial initiative. It also exemplifies, however, the sort of problems many of them will face.

For some time Solidate has been pondering on a problem. Basically, it is a small company that would like to get bigger but which has either found it difficult to obtain the necessary financial support, or that the price for that support was too high.

The problem essentially, Shippen points out, is one of scale. The company's existing staff of 26 are engaged mainly on the design, marketing and servicing of its systems, the parts for which are made to Solidate's specifications by outside contractors.

More business could be handled, he believes, without a commensurate increase in overheads, and Solidate could also undertake a bigger share of its own electronic work. The obstacle, however, has been the lack of sufficient extra working capital on the right terms.

"We have been along to the banks and told them we have a very good order book and need money to finance this work. We have been quoting for contracts worth about £500,000 every month and we are converting about 20 per cent of these into firm orders.

"Their attitude is that if we go bust they will not be able to liquidate a pile of concrete beams and therefore we are a bad risk," says Shippen.

The Industrial and Commercial Finance Corporation—the small firms' financing company owned by the big banks and the Bank of England — was also approached in Solidate's search for around £500.000 in new capital, but its terms, which included a 30 per cent equity stake, were considered too steep. At present, Solidate's equity capital is £50,000, of which Shippen owns 99 per cent.

Investigate sources

Determined nevertheless to grow to a turnover of £5m over the next five years and at the same time improve on its profit performance — around 6 to 7 per cent net on turnover in the year to end June — Solidate started working with an investment consultant who was asked to investigate other possible sources of funds in the City.

In the event this course, too, was rejected and Solidate has decided to try and grow internally at a somewhat slower rate, releasing funds to do so through the introduction of faster stock turnround.

"Our load cells, for example, are made for us by a sub-contractor and in the early days to get a lower price we were having to buy almost a year's supply. We are now buying 14 weeks ahead. We have also found we can get smaller batches of other items without having to pay higher prices," Shippen claims. The savings the company has been able to introduce throughout the range of products it buys in are expected, together with other smaller changes in practices, to release an estimated £250,000 in working capital. At the same time a new target of growing to a turnover of £4.5m in seven years has been set.

Ken Shippen: "The banks' attitude is that if we go bust they will not be able to liquidate a pile of concrete beams; we are therefore a bad risk"

If he is right Shippen expects Solidate to be able to build up its general labour-force and do more of its own work. Significantly, its location in the town of Sandbach provides a ready reminder of the importance of its being able to do so: not far from Solidate's single storey office-workshops, 600 men have recently been made redundant at Foden's, the truck maker which went into receivership earlier this year and whic his now expected to be acquired by the U.S. company PACCAR.

At the town's other big employer ERF, another truck builder, short-time is being worked.

Solidate's measured progress over eight years and the difficulties which even a successful small firm can encounter in getting bigger provide a warning, however, that the high hopes placed on the sector as a source of new employment are in danger of being exaggerated. A large number of companies like Solidate will clearly be required and they will need a lot of perseverance if they are *to grow.*

The easy bit, Shippen argues, may turn out to have been reaching a turnover of £1m. The most difficult stage could be the one Solidate is now trying to embark on, making the jump from £1m to £5m.

Shippen originally started the company because he felt his then employer, a Swedish engineering group, was missing opportunities in the weighing machine business. Efforts were made to sell his own ideas and those of an associate who had left the Swedish group to other scale-makers in Britain, but these met with little success.

In its early days the company was able to draw financially on support from the Swedes who were already earning substantial sums from licensing their weighing technology in the U.S. and elsewhere. The Swedes supplied components manufactured in Sweden to Solidate in the form of a loan and the UK company was able to retain payment received from customers for completed systems until such time as it was able to start paying off the debt.

The first order was placed by Shell which took the risk of buying from a then wholly untested supplier. That contract gave Solidate, which had purposely gone for the most difficult part of the market—weighing equipment sanctioned by Customs and Excise as legal for trading—the reference it *needed to go for other orders.*

"There were none of us in the company who had even been present before at a weighbridge verification when the Customs and Excise men came to test and approve the Shell installation," Shippen recalls.

Since then the client list has been impressive, embracing big UK industrial concerns like BSC, ICI, the National Coal Board, Air Products, and various local authorities, including the Greater London Council. Overseas, Solidate has supplied weighing equipment for the aluminium smelter complex being developed in Dubai by British Smelter Constructors, for Hoogovens, the Dutch steel producer, for an iron ore mine in Liberia, and for Hungarian state railways. A special detour to look at what Solidate could offer was made by the Chinese industrial delegation which visited Britain earlier this year.

The impact which Solidate is making in the *total weighing* market — dominated in the UK by Averys, recently acquired by GEC — is small; even in the heavy sector where it specialises the company is only getting a minor share of an estimated £30m market. The company has, nevertheless, increased the *British involvement in sophis*ticated weighing systems and many of the sales it has made would have gone to imports from the U.S. and Europe.

"We have also done what British companies are always being told to do — namely to buy overseas technology where

Arms and levers

this has advantages," Shippen argues. The weighbridge engineering technology used by Solidate is acquired under licence from Flintas, a Swedish research company set up by a former colleague of Shippen. It had developed a device *which eliminated some* of the problems encountered in the use of load cells, the mechanism now used in modern weighing equipment in place of tradtional mechanical arms and levers.

As well as claiming to be more reliable than the older electro-mechanical equipment, the electronics systems have other advantages. An instant digital read-out is available and even more important the weighing equipment can be linked up with computers programmed to keep records and to handle *stock control*, ordering, billing or other functions. The electronics at the Liberian iron ore mine, for example, use the weighing data to balance the discharge of ore into rail cars so that bogies are not overloaded. At BSC's stainless works at Panteg in South Wales microprocessor control is similarly employed to ensure correct weights of scrap are fed into furnaces, cutting down on the wastage of expensive raw materials.

Britain's foreign aid policy

BY DAVID MARSH

A year ago, when Britain's monetary experiment was still a subject for awe and acclaim around the world, Sir Geoffrey Howe received rather a rousing reception on his international debut at the 1979 IMF meeting in Belgrade.

After 12 months in which money supply, public spending, nationalised industry prices and unemployment have all risen in the region of 20 to 40 per cent, the Chancellor may perhaps have expected that the back-slapping admirers would be thinner on the ground at his second IMF performance in Washington last month.

Pasting

All the same, Sir Geoffrey may not have been fully prepared for the pasting he received, both in Washington and at the preceding Commonwealth finance ministers session in Bermuda, over Britain's miserly foreign aid policy.

With the Treasury spending axe glinting ever more brightly, a U-turn on aid is about as likely as a move to give the Palestinian Liberation Organisation observer status at Mrs. Thatcher's next Downing Street talk-in on monetary control.

But the Government should at least recognise that complaints from poorer countries and the World Bank have been given an added edge by a new factor that has only recently come to light. This is the emergence of oil-rich Britain as the only major developed country running a current account surplus this year.

In Washington, Sir Geoffrey was quick to refute criticism with the argument that foreign aid could not escape general spending cuts.

Mr. Neil Marten, the Overseas Development Minister, was in similar vein earlier this month during a visit to Lusaka. For the many Zambian maize farmers who were all getting terribly worried about Britain's money supply, Mr. Marten had these reassuring words: "Our first job is to get on top of inflation in the UK."

Pointing out that Britain, like everybody else, has its own domestic problems hardly puts the Scrooge-like aid programme in a friendlier light. The Government plans to cut foreign aid spending by 14 per cent in real terms between 1979/80 and 1983/84, compared with a planned cut of only 4 per cent over this period for public spending as a whole.

Set against Britain's $1.6bn current account surplus in the first nine months this year (the only surplus recorded by any industrialised country except Norway), the aid cuts look even meaner.

For surely it is wrong to berate the OPEC surplus states for cutting back overseas aid when a major industrialised country now self-sufficient in oil is doing precisely the same. If Sir Geoffrey is so keen on stimulating capital outflows, why doesn't he simply give more away?

The other point worth making is that Britain's swing into the black on current account this year has been very largely at the expense of the poorer developing countries. Britain's exports to non-oil ldcs were up 10 per cent in the latest July to September quarter compared with the year before; while imports rose only 3 per cent.

Mr. John Biffen, the Chief Secretary to the Treasury, may have given support to the anti-aid and pro-import controls lobby with his comment recently that the "challenge to the industrial world from the new economies emerging from the Far East" was one of the three main reasons why UK unemployment was so high.

Trade deficit

Of course competition from the Far East on world markets has grown. But Britain's 1980 trade deficit in manufactured goods with the main developing nations in South East Asia will probably be around the same as last year—little change in real terms from 1977.

The truth of it is that Mrs. Thatcher's attempt to play Juno to the bedraggled Paycock of the UK economy has helped make the whole British economic and political debate alarmingly inward-looking. This is not only confined to the Tories. If we don't watch it, the next election could be between the Xenophobe Party and the Little Englanders.

Putting house walls to work

GARDENS TODAY

BY ROBIN LANE FOX

BEFORE YOU write your yearly pieces on autumn colour, a London gardener writes to complain, will you please remember that few of us have gardens more than 100 ft long and that it is no use telling us to mass spindle trees and horse chestnuts just for two weeks' colour at the end of the season? There is no room for anything so lavish and the suggestion would have to be donated to Richmond Park. Why is there anything of interest for small gardens in this seasonal topic?

If their owners are imaginative, there is much to be done. All leaves colour, not only the leaves on park trees. For half the year I look with mixed feelings at a fuzz of thin green leaves and acid green flower on a native form of spurge which runs all over a flight of steps.

It came from a nursery whose owners had no time to check its origins. It has spread ferociously and most of the year, visitors wonder why anyone bothers with it. In October, everyone wants a piece, it turns a superb orange like the leaves on a poplar. You can see it as clearly as a stream of flowers running away down the line of steps. It is only six inches high.

Almost any deciduous spurge turns a superb colour in autumn, especially the easy ones caled Polychroma whose mounds of yellow green flowers in spring ends with a show of pink, yellow and pale green when the leaves fall. Any small garden should take this family to heart for its second autumn season. True forms of one called Fireglow speak for themselves and sit well among the hardy geraniums, another neglected source of autumn colour. In October, keep your eyes at ground level, not just on the trees. The leaves are just as bright around your feet.

More especially, I wish a greater degree of attention was paid to the colours in climbers at eye level. I stress this, because we all have walls on our houses and these walls are an excellent setting for autumn leaves against the sun.

If the walls are a bright brick, you might hesitate to cover them wtih the brightest Red Virginia creeper. Otherwise, I hope you will chase up my first choice among quick growing climbers, a vine which a summer visitor described to me this year as rather dull. She would blush, like the vine's autumn leaves(if she could see it now. I refer to the admirable Vitis Coignetiae.

Of all the vines, Virginia creepers and Virginia crawlers, this is far the quickest and more reliable. I presume you know the Virginian crawlers. These aspire to the heights but from their youth they never make it and after trying to stand on their own two feet they refuse to cling to a wall and start to grow forwards not upwards until they are staked and given close attention. Vitis Coignetiae, however, is horribly robust. It is the vine with rough and rounded leaves which used to turn up on those Edwardian pergolas and their thick piers of brick, built like the Empire, to last.

It can be trained along a wall, and kept to a moderate height. It can be left to race up to the gutter. In open country, I think it a splendid plant for a trellis above a low wall where its thick stems and bold leaves frame the view into a wider landscape. Anybody can grow it, even on an iron fire-escape in a back London garden. There is not a hope of a grape.

In October, its leaves turn a glorious shade of wine-red, so bright that they make up for the earlier absence of flower. Garden designers were quick to pick up this plant for the boldness of its rough green leaves. Throughout the summer they give you a quick screen and a bold contrast to a brick or stone wall. In autumn they go out in style, like grapes at a vintage. There is no quicker or better climber for a small garden.

If only the true form of climbing hydrangea grew faster it would run the vine very close. I have found that this plant makes slow progress for four years or so, perhaps rising only a foot or so up the shaded wall which it prefers. The small roots along its branches refuse to cling onto anything and the plant is declared a disappointment. Thereupon it stirs itself and grows straight up to the sky holding onto the face of the wall without any need for staking. It uses roots along its stems like an ivy.

The flat heads of white flower are very pretty but the brilliant show of yellow leaves in autumn is a less familiar benefit. As this climber thrives in shade and towns and will need no staking or pruning, it is a universal way of bringing autumn colour to small gardens.

Its well branched habit suggests a use to which it is less often put. Many of us have been left with the old stumps of a dead elm or similar tree in a prominent place. I imagine that most town gardens are spoilt by a group of unused drain covers.

Two or three plants fo this hydrangea could be set round these eyesores, and would spread their wooded branches into the present shape along the ground, eventually making a small mound. Climbers do not only climb upwards. The hydrangea's first wish is to go horibontal and it ought to be given its head more often. On the flat, it flowers freely, and colours just as brightly in autumn.

Back on the walls, I think first a close relation, then of the easiest of climbers, as suitable autumn companions. The close relation is seldom grown although nurseries like Sherrards of Newbury, Berks., will still supply it. The Oak-leaved hydrangea is a fine plant which deserves less of a name for being tender or difficult.

I have learnt to put it against a West or sheltered North wall, where it can enjoy a damp soil mixed with peat and leaf-mould. It dislikes lime but will withstand it. It resists most normal frosts and grows notably tougher after a year or two.

If you protect it at first, it makes a lovely shrub on a wall, and will throw off its sprays of white flower in high summer. In a clearer year than 1980 its bold oak-shaped leaves colour to a remarkable red and purple, one of the most brilliant in the garden. When happy it suckers and grows fairly large. A town garden could house it very well in those useful angles where the North and West walls meet. I cannot call it quick or altogether easy, but a mature plant is tough and its colour is well worth a small gamble.

If you dislike risks, stay with my old favourite, the climbing plant called Celastrus which will brighten any autumn so long as it is correctly sexed. A female bi-sexual form will cover itself in scarlet seed heads against a fine show of yellow stems and leaves in late October.

This rapid climber races to the top in any unshaded aspect, if it is given its head up sheep-netting or plastic mesh. The side wall of any house can fit it in but you should try to avoid a male form which will set no seed.

Ask a good nurseryman to give you the likeliest plant, though few will guarantee its gender. On an old tree or over an eyesore, the strong climber is excellent.

However small the garden, you can house some or all of these marvellously coloured shrubs if you put your four house walls to use. Autumn leaves are at their best at eye level and I suggest that town gardeners look to their walls as seriously as to the avenues and plane trees in their nearby parks. These are ideas with which any space can come to terms.

Crump raiders favoured at Ascot

RACING

BY DOMINIC WIGAN

IT USUALLY pays to scrutinise the credentials of any Neville Crump raiders sent on the long haul south to run at Ascot, and backers will do well to examine his prospects today.

The Middleham trainer, whose chasers are always turned out in the peak of health, saddles Salkeld and Hannah's Song at Ascot today. The last-named is unlikely to start at rewarding odds for the Binfield Juvenile Novices Hurdle, in which Fool On The Hill could cause an upset. But Salkeld may be worth an interest.

The eight-year-old gelding, a bay son of the successful jumping sire David Jack, wound up last season as Crump had anticipated: making all the running on the final circuit to land Ayr's £16,000 William Hill Scottish National. The ground, after some heavy showers, is sure to suit Salkeld.

In addition to his Ascot challengers, Crump is represented nearer home at Newcastle, where he saddles top-weight Narvik in preference to Salkeld and Irish Tony for the John Eustace Smith Trophy. Bidding for his third victory over the three-mile course, Narvik will go well without, perhaps, proving up to conceding 15 lb to another course and distance winner Arrigle Boy.

On the subject of Northern hope coming south in an attempt to win at Ascot, or on the London park courses, it has been announced that Sea Pigeon, the National Hunt Race Horse of the Year, will return to Sandown on Saturday in a bid to win the Holston Diat Pils Hurdle for a second successive season.

The champion hurdler defeated Caper's Lad, his solitary opponent, by 12 lengths last year. Despite having only two runners for this pattern race (formerly the Marlow Ropes-John Skeaping Hurdle), the sponsors, Holsten Distributors Limited, have increased their contribution by £1,000. Saturday's race will carry £10,000 added prize money.

ASCOT
1.30—Fool On The Hill
2.00—Salkeld**
2.35—Mr. Foodbroker
3.05—Snowtown Boy***
3.40—Professor Plum
4.10—Nescio

NEWCASTLE
2.15—Norton Cavalier
2.45—Arrigle Boy
3.15—Alick*

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 See-Saw. 2.01 For Schools, Colleges. 3.00 Speak for Yourself. 3.25 Cookery Course. 3.53 Regional News. 3.55 Play School. 4.20 Mighty Mouse. 4.25 Jackanory. 4.40 Record Brokers. 5.05 John Craven's Newsround 5.10 Grandad.

5.40 News.
5.55 Nationwide.
6.45 Angels.
7.10 The Goodies.
7.40 Stone.
8.30 Nice Work.
9.00 News.
9.25 Strangeways.
10.05 Sportsnight.
10.55 Parkinson.
11.55 12.00 News.

All Regions as BBC-1 except as follows:

BBC Cymru/Wales—11.02-11.22 am Ffenestri. 2.18-2.38 pm I Ysgolion. 5.55-6.20 Wales Today. 6.45-7.05 Heddiw. 7.05-7.35 Campus Gampau. 7.35-8.00 Angels. 8.00-8.30 The Goodies. 11.55-12.00 News. 12.00-12.25 am Sky at Night. 12.25 am Weather.

Scotland—11.02-11.22 am For Schools. 12.40-12.45 pm News. 3.55-6.20 Reporting Scotland. 10.05-10.55 Sportscene. 11.55 News.

Northern Ireland—3.53-3.55 pm News. 5.55-6.20 Scene Around Six. 11.55 News.

England—5.55-6.20 pm Look East (Norwich). Look North (Leeds, Newcastle). Look North-West (Manchester). Midlands Today (Birmingham). Nationwide (London and South-East). Points West (Bristol). South Today (Southampton). Spotlight South-West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School.
2.20 pm Racing: Ascot.
†5.40 Film: Harold Lloyd.
6.05 Grange Hill.
6.25 The Selfish Giant.
6.50 Embroidery.
7.15 News.
7.30 Just a Bit of Paper.
7.40 Book Programme.
8.10 Chronicle.
9.00 M*A*S*H.
9.25 Oppenheimer.
10.20 Light of Experience.
10.35 Cartoon.
10.45 Newsnight.

LONDON

9.30 Schools Programmes. 12.00 Munch Bunch. 12.10 pm Rainbow. 12.30 About Britain. 1.00 News. FT Index. 1.20 News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Doctors' Private lives. 3.45 Cabbages and Kings. 4.15 Musical World. 4.45 The Squad. 5.15 Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Love In A Cold Climate.
10.00 News.
10.30 1980 British Fashion Awards.
11.00 Carter-Reagan debate.
12.25 Sit Up and Listen.

All Regions as London except as follows:

ANGLIA

1.20 pm News. 2.45 Young Ramsay. 5.15 Mr. and Mrs. 6.00 About Anglia. 12.15 am Big Question.

ATV

1.20 pm News. 2.45 Young Ramsay. 5.15 Life Begins at 40. 6.00 ATV Today. News. 6.05 Crossroads. 6.30 ATV Today. 12.15 am News. 12.20 Country Music—Dolly Parton.

BORDER

1.20 pm News. 2.45 Young Ramsay. 5.15 Lost Islands. 6.00 Lookaround Wednesday. 12.20 News.

CHANNEL

1.20 pm News. What's On. 2.45 Fantasy Island. 5.15 Emmerdale Farm. 6.00 Channel Report. 10.28 Channel News, Weather. 11.30 Hemdale Hall-Hour. 12.00 Epilogue. Commentaires et previsions meteorologiques.

GRAMPIAN

1.20 pm North News. 2.45 Young Ramsay. 5.15 Batman. 6.00 North Tonight. Weather. 11.30 Reflections. 12.15 am Next Step Beyond. 12.20 Headlines.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Young Ramsay. 5.15 Life Begins at 40. 6.00 Granada Reports. 6.25 This Is Your Right. 12.15 Jazz—Annie Ross, George Chisholm.

HTV

1.20 pm News. 2.45 Chopper Squad. 5.15 Dick Tracy. 6.00 Report West. 6.30 Longest River—Plynlimmon to Pool Quay. 12.15 Weather.

HTV Cymru/Wales—As HTV General Service except:—12.00-12.10 am Ffalabalam. 4.45-5.15 Ni A Nhw. 6.00-6.15 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News. 1.30 Out of Town. 2.45 Family. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Toye's Talk Back. 6.30 World Worth Keeping. 12.15 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Young Ramsay. 3.20 Superstar Profile: Clint Eastwood. 5.15 Cartoons. 5.20 Crossroads. 6.00 Day by Day. 6.35 Scene Mid-Week. 11.30 Have Girls Will Travel. 12.30 am Weather. Music Speaks Louder Than Words.

TYNE TEES

1.20 pm News and Where the Jobs Are. 2.45 Fantasy Island. 5.15 Mr. and Mrs. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 12.15 Meet the Faith.

ULSTER

1.20 pm Lunchtime. 2.45 Young Ramsay. 5.15 Cartoons. 5.20 Crossroads. 6.00 Good Evening Ulster. 12.15 am Bedtime.

WESTWARD

1.20 pm Westward News. 2.45 Fantasy Island. 5.15 Emmerdale Farm. 6.00 Westward Diary. 12.15 am Faith for Life. 12.20 Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.45 John Smith Show. 3.15 The Entertainers. 5.15 Against the Wind. 6.00 Calendar. 11.30 Cinema: "The Epics."

Radio Wavelengths

1: 1053kHz/285m, 1089kHz/275m	3: 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2: 693kHz/433m, 909kHz/330m & 88-91vhf stereo	4: 200kHz/1500m & 92-95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf; London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave only

5.00 As Radio 2. 7.00 Dave Lee Travis. 9.32 Simon Bates. 10.32 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.32 Simon Bates. 3.32 Peter Powell. 5.30 Newsbeat. 6.31 Radio 1 Mailbag. 7.31 Mike Read. 10.02 John Peel (S).

RADIO 2

5.00 am News. 5.03 Ray Moore (S). 6.15 Pause for Thought. 7.32 Terry Wogan (S). 8.27 Racing. 8.45 Pause for Thought. 10.03 Susannah Simons (S). 12.03 pm David Hamilton (S). 1.45 Sports Desk. 2.03 Ed Stewart. 2.45, 3.45 Sports Desk. 4.03 Much More Music (S). 4.45, 5.45 Sports Desk. 6.03 John Dunn (S). 6.45 Sports Desk. 8.02 Listen to the Band (S). 8.45 Alan Dell Dance Band Days (S). 9.15 Walter Midgley Remembers (S). 9.55 Sports Desk. 10.02 Stop the World. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew, Round Midnight. 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (S). 9.00 News. 9.05 This Week's Composer: Walton (S). 10.00 Music for Organ (S). 10.45 Italian Music for two Lutes (S). 11.25 Berlin Philharmonic Orchestra (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Brass Music and Songs (S). 3.50 Rohan de Saram (S). 4.55 News. 5.00 Mainly for Pleasure with Christopher Grier (S). 7.00 Louis Couperin (S). 7.30 Haydn at St. John's (S). 7.50 The Skull Beneath the Skin: playwright John Webster. 8.20 Haydn at St. John's (S). 9.15 Six Continents. 9.35 Gerhard (S). 10.00 Protest: Play by Vaclav Havel (S). 10.35 The Complete Webern (S). 11.00 News. 11.05-11.15 Monteux conducts Ravel (S).

RADIO 4

6.00 am News. 6.10 Farming. 6.25 Shipping Forecast. 6.30 Today. 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week: Sherrin after Breakfast. 10.00 News. 10.02 Gardener's Question Time: South Yorkshire. 10.30 Service. 10.45 Story Time. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 My Word (S). 12.55 Weather. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 4.00 Choral Evensong: Queen's Free Chapel of St. George, Windsor (S). 4.45 Short Story. 5.00 PM. News. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.30 The Senior Partner. 7.00 News. 7.05 The Archers. 7.20 The Roach and the Pussycat. 7.45 Reith Lecturer 1980: Ian Kennedy. 8.15 Sounds Natural. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 News. 10.30 Lord Peter Wimsey. 11.00 A Book at Bedtime. 11.15 Financial World Tonight. 11.30 Today in Parliament. 12.00 News. 12.15-12.23 am Shipping, Inshore Forecasts.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.15 Carry on Councillor: advice for back-pain sufferers. 10.03 Robbie Vincent Programme. 11.00 Nostalgia Time. 1.03 pm London Live. 3.15 Swap Shop. 4.30 London News. 5.35 Music on the Move. 7.03 Black Londoners. 8.00 Question Time, House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am AM—Douglas Cameron and Allan King. 10.00 Brian Hayes. 12.00, 2.00, 4.00, 6.00, LBC Reports. 8.00 Jazz: Keith Howell. 9.00 Peter Allen—Nightline. 12.00 LBC Reports. 1.00 am Night Extra. 4.00 Network. 5.00 Morning Music.

Capital Radio

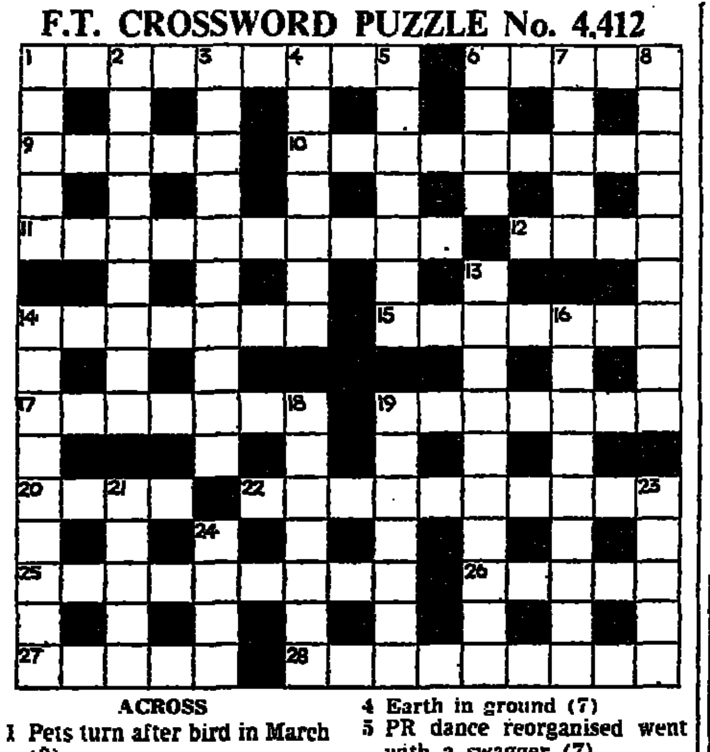
2.00 am John Sach's Night Flight (S). 6.00 Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Graham Dene (S). 3.00 pm Roger Scott (S). 7.00 London Tonight with Bryan Wolfe (S). 9.00 Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Richard Allinson's Night Flight (S).

BBC computer centre opens

SIR IAN TRETHOWAN, Director-General of the BBC, yesterday opened a BBC computer centre in Sulgrave House, Shepherds Bush, which will make a large number of operations more cost-effective.

The centre houses two new ICL machines that will handle more than 1,000 major computer programmes serving every part of the BBC.

F.T. CROSSWORD PUZZLE No. 4,412



ACROSS

1 Pets turn after bird in March (9)
6 Firm gets to like this cover (5)
9 Girl takes the Queen another 28 (5)
10 Put in fresh order for stove at the back (9)
11 Practice verse Bacon might have written (10)
12 Make up standard of performance (4)
14 Two blokes who used to be England's cricket captain (7)
15 One ought to enter play scene with lighting effects (7)
17 Pair happening to stop (7)
19 Copper joins celebrated daughter to make sauce (7)
20 Girl sure to flag (4)
22 Cannot ever be forced to break (10)
25 Prepare to fire at a band in triumphant mood (4-1-4)
26 Back article I have found unaffected (5)
27 Instrument that takes some stopping (5)
28 A pilot approaching Heathrow hopes to be blunt (9)

DOWN

1 Blow ought to generate enthusiasm (5)
2 Give too much weight to superior southern gallery (9)
3 Help for listener to organ plus one other instrument (3-7)
4 Earth in ground (7)
5 PR dance reorganised went with a swagger (7)
6 Agent outside right finds nimble (4)
7 Heather receives love letter in strange language (5)
8 Nod (9)
13 Have a few rounds with bridge tool (3, 7)
14 Holiday island cricket club takes one round some lively music (9)
16 Rousing weak nag in confusion (9)
18 Pair with double over double (7)
19 Tool pets handle roughly (7)
21 Elected unimportant member of organisation with identity kept secret (5)
23 Point to opening in one of the races (5)
24 Useless taking one in front (4)

Solution to Puzzle No. 4,411

LADDER MEMORISE
U I V R N N R N
MASTERING TWIST
I T N M R H S I
NEED GOTOGETHER
A M C S S R E
REPULSE STORMY
Y E E C A S
CREASE PIKELET
U N R U S I E
NEATSCOTCH GNAR
L U W S K S G N
EAGLE IDEALLESS
S U E V R D R O
STRIPPER CRAYON

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THE ARTS

Television

A farewell to arms

by CHRIS DUNKLEY

The effects ofthe anti-violence lobbyists on American television series in the last couple of years have been pretty obvious. Practically everybody must by now have noticed that in programmes such as *Starsky and Hutch* and BBC 1's newly imported *Stone* the traditional elements of "personal" violence—fist fights and gunplay especially — have largely been replaced by lence such as fast car chases, car crashes, and explosions of one sort or another.

When scripts call for people to be hurt or killed television directors have been emulating the ancient Greks and arranging for it to happen out of sight or, *if in view of the audience*, then as a result of fate rather than human malevolence. Last week's *Stone* was a good example: immediately before the woman in the liquor store holdup was shot dead the lights were turned out. Later the villain got his comeuppence when be crashed his car while fleeing from the police.

Those of us who complained for years that there was much unnecessary "personal" violence on television (and, incidentally, far too little sex of any sort: serious, ribald, erotic) should, I suppose welcome the change. Yet there is a langer that American action series will simply switch from being *tediously repetitive with their* "personal" violence to being tediously repetitive with its replacement.

In Britain the approach seems to be rather different. Here also violence has been reduced, mainly because the series in which it appeared have disappeared. Among others, *The Sweeney, Target,* and even *Z Cars* have gone, and in their place we have programmes such as *Juliet Bravo* and *The Gentle Touch*, two police series focused on women in which "positive discrimination" seems more important than anything else. Instead of *Target* we get *Shoestring* and although the nation of the disc jockey as freelance sleuth is a novel one, it is also limiting and causes an oddly forced feeling in the plots which always have to be shoe-horned into the context of Shoestring's job. It must be admitted, too, that last week's episode still contained unnecessary "personal" violence; there just wasn't any need to show the muggings.

However that sort of scene is becoming the exception; generally speaking violence has been considerably reduced. Unfortunately the baby seems to have been thrown out with the bathwater. It comes down to a question of what you consider necessary and what unnecessary. In my view *The Sweeney* was a necessarily violent series which proclaimed itself as such in the opening credits and rapidly acquired a reputation for the sheer slick professionalism with which its violence (much of it "impersonal") was filmed. After Episode 1 only the most unworldly viewer could have been surprised by it and shocked by unexpected scenes. For the rest of us quiet, sedentary, law abiding citizens it supplied an *enormously* enjoyable hour of fast and furious mayhem satisfying the appetite that was previously fulfilled for so many years by Westerns.

Now Euston Films, the offshoot of Thames TV which gave us *The Sweeney*, gives us *Minder* instead; another filmed action series but this time concerned with the small time fixer Arthur and his strongarm "minder" Terry. There is much in the series to be savoured including the London locations (abysmally under-used by everyone on television except Euston Films) and above all the portrayal of the cowardly, boastful, charming Arthur by that unique and endearing actor George Cole who, I feel sure, has built the character on the sound foundation of Flash Harry of St. Trinian's.

I would not want to lose *Minder* even though it is rarely fast and never furious and is sometimes, as with last week's episode, downright slow. That script, mainly concerned with a man losing his trousers, had all the quirky little touches and almost all the jokes you would expect from Willis Hall, the man who gave us *Billy Liar* and *Budgie*, but it would have filled 40 minutes a lot more comfortably than the 60 to which it was stretched. Even in those circumstances *Minder* is technically so well made that it is still more rewarding than much of *what television offers. But it* does not make a reasonable substitute for *The Sweeney*.

British viewers are extraordinarily well supplied with *non-violent finely acted and* handsome looking narrative drama guaranteed not to offend even the most delicate. Perhaps this description does not quite apply to ATV's interestingly different serial *Flickers* since it finished last week with the tragic little comedian being burned to death, and no doubt there are some maiden aunts who even today find a character as robust as that portrayed by Bob Hoskins somewhat vulgar.

It does apply to BBC 1's *Forgive Our Foolish Ways*. It is difficult to believe that this four part drama (billed unequivocally as "a love story") is not adapted from one of those post-war novels by Bates or Delderfield, yet it is actually an original work written for television by Reg Gadney and directed by Christopher King. In the central role of the prep school owner's wife, running the establishment while her husband is still posted missing from the war and falling in love with a German PoW sent to help her, Kate Nelligan *exhibits her usual* uncanny sympathy for the human feel of a period, just as she did in *Plenty* at the National Theatre.

Forgive Our Foolish Ways, which is full of the appealing, and now utterly dead, notion of Britain's new dawn in 1946 is what I used to think of as Hovis *drama: the sort which comes up* looking good even when you slice it pretty thin, and which reminds you of those beautifully dressed period ads for Hovis bread. Now I think of it as steam train drama: it chugs gently along and there is always at least one sequence shot lovingly and longingly at one of Britain's (apparently growing) *number of privately run steam* train systems.

To Serve Them All My Days is another BBC steam train drama which looks as though it might well have been specially written for television by Reg Gadney but is actually adapted from a book by R. F. Delderfield whose circulating library *type stories make very satisfac*tory television as did Galsworthy's. It may seem a back-handed compliment but for a television critic the danger in *To Serve Them All My Days* is its seductive success in drawing one back week after week for a quarter of a year to spend 50 minutes wallowing in nostalgic Edwardiana when one should be watching something else. It is decidedly moreish.

But it still doesn't satisfy the hankering which so many of us *clearly feel for programmes* involving violent activity. No more do the single plays which are reappearing with the regularity—and too often the damp glumness—of autumn showers now that the evenings are drawing in. It was hard to believe that the repellently sour and bitter little work *Rain On The Roof* was written by the same man who last week gave us *Blade On The Feather* (Dennis Potter).

It was harder still to sit through to the end of the first of a new "Play For Today" season called *Pasmore* since it told the entirely unconvincing story of how a deeply unsympathetic man left his equally unappealing wife for no reason, stayed away for no reason, and returned for no reason.

It takes a wilfully blind snobbishness to argue that in such depressingly morose works as *Pasmore* and *Rain On The Roof* some fine, valuable and creative tradition is being preserved simply because they are "single plays" whereas *The Sweeney* is beyond the pale because it is a series and depicts violent action. Give me *The Sweeney* every time.

Kate Nelligan and Hartmut Becker in 'Forgive our Foolish Ways'

Opéra de Paris

Dardanus by RONALD CRICHTON

The French engage infrequently and, it seems, rather unwillingly with the big Rameau. One sense something like resent*ment against a great composer* who refuses to be gategorised neatly, whose stage works are hard to adapt to modern theatre practice. *Daradnus*, chosen as the first new production of the Lefort era at the Opera (and the fact thta it was chosen is a good sign), had not been staged in Paris for about 200 years. Not long ago I attended a concert *performance* of the work for the French Radio of such dismal mediocrity that the ranks of the audience grew thinner and thinner. The Opera's *Daradnus* is a good deal better than that, but Rameau is not done full justice.

history. Alterations were made

Dardanus had a complicated *soon after the first performance* in 1739. Then the librettist Le Clerc de la Bruere and the composer largely rewrote the third, fourth and fifth acts, thereby sacrificing some fine pages—there had been complaints of "too much music," and Rameau's copious invention was certainly working full-time. The present edition has been made by Raymond Leppard, who conducts the revival. He has taken up the suggestion of Rameau's biographer Girdlestone that a practical conflation of the two ver*sions might be made. Accord*ingly in the fourth act we have the famous prison scene of 1744 with some of the dream music of 1739. But much is cut, including the prologue and a lot of the ballet music—and that at the Opera, with a large and eminent dance company ready to hand!

Jorge Lavelli produces, in designs by his usual scenic collaborator, Max Bignens. Their solutions are radical, but they continue a striking if not always appropriate spectacle. Visual pleasure is not scorned. (Indeed, with the partial exception of *Idomeneo* a few years back, I find that it is usually the visual side of their productions that stays in the mind.) For *Dardanus* they use a great box set of black studded with tiny lights, occupying the whole width and much of the depth of the stage. The huge space is employed to the utmost. Cohorts of chorus or dancers advance from the far back or appear through swivelling side-panels functioning like Baroque wings. At various moments dancers and even singers are raised high on ropes. The effect, in admirable lighting, is not merely decorative but contains the germ of an idea for a modern equivalent of 18th-century divertissement.

Unfortunately there is not enough ballet left for the idea to be fully developed. Some dances are just marched through, in brutal contradiction of the intensely physical feel of the music. The real dancing, when it comes (the choreographer is Norbert Schmucki) is barefoot, nondescript, energetically performed. One of the *evening's pleasures* is an enormous dragon in the form of an asymmetrical, inflatable balloon which to the great amusement of the audience engulfed poor Dardanus while he was slaying it. There is too much noise both on stage and behind closed curtains (why not use Rameau's ready-made interludes?). Lavellian trade marks—long white drapes, enclosed spaces or "cages," gloves for the principals—reappear obsessively. But in spite of attendant irritations the main faults lie not with *the production but with the* musical performance.

One way and another there has been a failure to reanimate a score which has dramaturgical weaknesses but is full to overflowing of vigorous, expressive, noble and brilliant music. Leppard uses two continuo groups each with harpsichord, cello and bass. The result is a heavy bottom line and a ponderous gait for the declamatory *pages on which in Rameau so* much depends. He also uses a small organ, adding incongruous colour not only to recitatives but to the final rejoicings. The strings of the main orchestra played tidily, but in spite of the conductor's urgings, unenthusiastically. The woodwind, though strengthened (four oboes, four bassoons) were buried in the big pit. The characteristic, exhilarating tang of Rameau's scoring was sadly absent.

With one exception the male singers were evidently bothered by the high vocal writing. Georges Gautier in the title-role deployed a useful tenor surely not intended by nature for this music (it was unkind to expect him to begin the prison monologue, one of the great solo scenes in French opera, lying flat on his back). As Antenor, enemy and rival of Dardanus for the hand of the princess Iphise, the baritone Michael *Devlin pressed his big voice* without mercy or reason. As King Teucer, father of Iphise, Roger Soyer showed his customary sense of style but the tone was woolly. Frederica von Stade being indisposed, the lamenting Iphise was sung (at Saturday's performance) by a young company soprano, Magali Demontzey, with a promising voice but understandably nervous stage presence.

Vocal honours were shared by José van Dam, triumphantly secure as the magician Ismenor, and by Christiane Eda-Pierre as Venus, throwing off her two scenes as if they were the easiest thing in the world. It was one of Lavelli's good *touches to contrast the hieratic*, half-masked, princely humans with a goddess moving freely and naturally, reversing the normal rule of Baroque opera *by which presiding deities are* wholly unbelievable. Both these fine artists sang as if they loved the music, and during an evening of sagging intonation, they kept in tune. In one too brief solo, Véronique Dietschy reminded us of her London appearances in Philidor. The top soprano of the solo quartet in the dream episode, whom I take to have been Hélène Garetti, made a good impression. The Opéra chorus, with plenty to do, sounded happier on stage than in the two scenes sung from the orchestra pit.

*

It can't be denied that a *jollier evening is to be had at* the Opéra-Comique revival of the triple bill *Vive Offenbach!* which had a deserved success last season. This delectable programme is made up of the late but charming *Pomme d'api*, the riotous grand opera parody *Monsieur Choufleuri* and the early, rumbustious *Mesdames de la Halle*. Once again Manuel Rosenthal conducts. There are some cast changes, not all for the better though in José Todaro they bring a splendid new drum-major Raflafla for the last-named work. Robert Dhéry's production of this piece, ravishingly designed by Bernard Daydé, is as definitive as the celebrated Barrault-Renaud *La Vie parisienne* of the sixties. The Offenbach centenary is unlikely to surpass this extravaganza, a tonic from the opening pastishe of Parisian street-cries to the all-out final chorus.

Georges Gautier

Festival Hall

Yury Egorov

by MAX LOPPERT

The Scottish National Orchestra under Alexander Gibson played 19th century German Romantic music on Monday—Weber, Schumann, and the Brahms D minor Concerto. The pianist was Yury Egorov, a young Russian now resident in Amsterdam making on this occasion his London debut. On the other side of the Atlantic Mr. Egorov *has already won* golden opinions; no doubt, further South Bank appearances this week in chamber music and recital will test them more rigorously. *Despite the omni*present hazard of orchestral playing at best unreliable and at worst dislikeably rude and rackety (the brass intonation giving *most persistent* cause for offence), Mr. Egorov managed to reveal sufficient of an exquisitely tuned poetic sensibility to explain all the enthusiasm.

Fine-grained piano poets are not ideally cast in this concerto. The massive double octaves of the first movement could be thought lacking in the sheer force of decibels; yet nothing had been shirked in their statement and, in a way, the whole work can become more moving for a degree of physical strain nobly born. By then, in any case, the peculiar character of Mr. Egorov's keyboard command had already been indicated—after an orchestral exposition more like an aimless amble at *half speed*, the soloist's opening sentence immediately keyed up an atmosphere of quiet intensity. The soft playing was not just poised, penetrative, and unfailingly beautiful, it had a quality of musical responsibility, forcing one to listen anew to the exact nature of Brahm's invention, and, incidentally, paying in accompanying figuration a compliment of attentiveness to the orchestral playing that was sadly *seldom* returned. Mr. Egorov merits a speedy return to the Festival Hall—in (let us hope) circumstances less unworthy of his obvious gifts.

St. John's, Smith Square

Vermeer Quartet

This group's technical polish, integration of ensemble and performing authority place it comfortably within the first rank of string quartets. At their BBC Lunchtime Concert at St. John's, Smith Square (to be repeated on Radio 3 on Tuesday night at 7.00 pm) the Vermeer played Quartets by Bartok and Haydn. The pleasure of hearing the music, delivered with so few obstacles allowed one to concentrate on the quality of the interpretations and the details *of the composers' invention.*

This Quartet is clearly a group of equals. Bernard Zaslav's viola and Pierre Menard's second violin are every bit as rich and even in tone quality as Shmuel Ashkenasi's first violin. The overall sonority is excellently focused by Marc Johnson's *resonant cello*. The many long lines played in octave unison by the first and second violins in Bartok's Second String Quartet were perfectly unanimous in colour as well as intonation. Similarly, when Johnson's bow dug deeply into the cello strings during that work's excitable central Allegro, the other players were easily able to match the force of his attack.

Some of the liabilities of unanimity were revealed during the concluding Lento. Here steady vibrato and consistent tone tended to negate Bartok's desolate atmosphere. Other quartets, notably the Vegh and Julliard, have found a greater range of timbre and made more of this movement by virtue of their less even bowing. One felt that the Vermeer were unwilling to take a chance and risk compromising their overall polish for the sake of a more intense representation of the music.

Haydn's Quartet in G major, Op. 76 No. 1 was thrown off with a suitably lighter tone and more relaxed attack. I hope the Minuet was shorn of its full compliment of repeats only because of the restrictions of the lunchtime format. Only in a few patches of the Finale was the Vermeer's intonation the least bit questionable, and indeed the reservations mentioned above are minor compared to the totality of this exceptional ensemble's achievement.

RICHARD JOSEPH

Covent Garden

Le Nozze di Figaro by ANDREW CLEMENTS

In July next year the Royal Opera is mounting a Mozart festival. The centrepiece of those celebrations will be a new production of *Don Giovanni*, but in preparation for the event the two other Da Ponte operas are to be dusted down during the winter. *Cosi fan tutte* will be revived next January, and currently John Copley's 1971 staging of *Le Nozze di Figaro* is being aired.

The first performance on Monday was patchy, vocally and dramatically, though it was difficult to pinpoint the precise areas *of dissatisfaction. Copley's pro*duction is sturdy and serviceable rather than perceptive, and the tawdry splendour of its settings now have an added tarnish. For this revival some of the more heavily populated scenes (notably the close of the third act) betray unhurried, uncaring preparation; Colin Davis's direction, after a sprightly overture which promises a good deal, becomes strangely lethargic and unengaged.

What conviction there is springs largely from Helen Donath's neat, quick-witted Susanna, her first at Covent Garden, and Thomas Allen's familiar Count. Geraint Evans's Figaro is unfortunately all too familiar by now. The strutting mannerisms are grooved to the point of caricature; recitative is dashed off with a sense of weary routine and the arias given an all-purpose brashness. It is an off-the-peg characterisation, designed to fit easily into any number of production styles.

Miss Donath looks and moves rather better than she sang, in the first two acts at least. The generally imperfectly imbalanced ensembles did not help her find the measure of the house, though her contributions to the final act were finer grained. Mr. Allen continues to *improve as a singing actor on* every occasion I see him. His attempt to provide a carefully detailed Almaviva, with a coherent set of gestures and poses stands out in the company of too many monochrome performances, and his singing of "Vedro mentr'io sospiro" was by a large measure the most rewarding musical event of the opera.

After her many distinguished performances of Mozart in the concert hall, Margaret Marshall is a disappointing Countess. She looks consistently beautiful and moves easily, but on Monday evening she sounded underpowered—curious in a singer whose voice has easily filled equally large arenas in the past. "Porgi amor" got the second act off to a lukewarm start from which it could not recover, though the orchestral playing had by then settled into *a stifling blandness. Margarita* Zimmermann is likewise new to the Royal Opera; her chubby, fawning Cherubino, undistinguished in her main arias, is shaded by Marie McLaughlin's pert Barbarina, a promising confident debut.

Robert Lloyd, Paul Crook and John Dobson provide much needed consistency in their repeats of Bartolo, Basilio and Curzio respectively; Roderick Earle's Antonio is a worthy addition to their number. Patricia Payne's Marcellina is the revival's most notable new face. She began a trifle uncertainly but found fuller voice as the evening progressed, showing enough resilience to cope with even the more questionable excesses of the production's generalised slapstick approach.

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Getting value for money

Mr. Francis Pym, the Defence Secretary, has chosen to play down the recent leaks which point to serious tensions between the Treasury and the Defence Ministry, with the assertion that what have been taking place are merely routine discussions, and that no defence cut are imminent. This is less than forthright. The government may be irritated by the disclosure of unauthorised documents, but the House of Commons is entitled to be treated more seriously than this

Britain needs a strong defence effort, in its own interests and in those of the Atlantic Alliance as a whole. The Soviet Union has been unremitting in the build-up of its own forces over a number of years, at every level and in every element, and the military balance in Europe has shifted significantly against NATO. It cannot be allowed to shift any further, and in the absence of effective arms control or disarmament negotiations, Britain and the other NATO countries must strengthen their own defence capability.

But it would be a great mistake for the services or the Defence Ministry to assume that this broad imperative *means* that, where defence spending is concerned, and in contrast with all other categories of the national budget, money is no object.

Routine

The Government's overall objective must be to retore some health to the economy as a whole, for without a soundly based economy, there can be no durable defence strategy. Since the Government is attempting to reduce the total size of the borrowing requirement, it would be surprising if defence spending did not also come under scrutiny. The economic difficulties facing the Government cannot conceivably be described as "routine," and it would be alarming if the Defence Ministry were only subject to routine scrutiny.

Mr. Pym maintains that the Government intends to stick by its NATO pledge to increase defence spending by three per cent in real terms "this year, next year, and the year after." The trouble with this commitment is that an increase of thre per cent on the defence budget is no guarantee of a three per cent improvement in defence capability. Of course, such an improvement is impossible to quantify in this way, and the expenditure commitment was chosen as the best method of indicating a yardstick by which comparability of effort by the members of NATO pledge to increase defence spending by three per cent in real terms "this year, next year, and the year after." The trouble with this commitment is that an increase of three per cent on the defence budget is no guarantee of a three per cent improvement in defence capability.

But there are at least three reasons why we must have more sophisticated criteria for assessing improvements in Britain's defence capabilities. The first is that it is very difficult to believe that the UK can in fact afford a three per cent real increase, year in and year out indefinitely, in a period when the growth of the economy is likely to be either negative or sluggish, and when the claims on social expenditure will be on the increase.

The second reason is that defence spending offers every conceivable temptation for extravagance, and it may well be possible to improve military effectiveness without making corresponding increases in the bottom-line cost. Naturally, it is very hard to foresee the development costs of high technology projects, but the way the Defence Ministry has gone along with a ten-fold increase in the costs of the Stingray torpedo is deeply disturbing. Moreover, the Americans are finding that the merits of ultra-high technology may have been oversold, both in operational terms, and in terms of the time and cost of maintenance and repair. Simpler equipment is not always worse, and may offer a better trade-off between quality and quantity.

Waste

Finally, quite apart from any question of equipment costs, the vast defence establishment almost certainly hides a corresponding *amount of waste and* extravagance. Over the past 10 years, the staff of the Defence Ministry has declined by 20,000, but it remains exceedingly difficult to understand why, with 241,000 employees, it should account for more than a third of all the Government's civil servants; yet when defence cuts are mentioned, they always seem to affect the battlefield end of the defence machine, never the swollen bureaucracy at the centre. Britain does need a strong, and if possible enhanced, defence capability, but above all it needs a defence capability which gives value for money.

An open crisis in steel

MAXIMUM OUTPUT quotas are about to be imposed upon steel makers in the European Community, because a voluntary agrement reached in the hope of shoring up prices had become a farce. From the third quarter of 1979 to the second of 1980, not one of the major producing countries on the Continent adhered to the quotas forming part of the Eurofer voluntary cartel. The British figures are hopelessly distorted by the prolonged strike early this year, but do look closer to target than those of the competitors of the British Steel Corporation.

The increasing disintegration of Eurofer has become obvious in recent months. The European Coal and Steel Community is, therefore, proposing to impose quotas on producers, pleading the existence of a "manifest crisis," as provided for by the ECSC treaty. Leaving legal definitions aside, the crisis which the industry is undergoing is, indeed, manifest. Aggregate losses this year are expected to come to something between \$3bn and \$5bn this year; in Britain rationalisation and a planned reduction of capacity is expected to reduce the labour force of BSC by some 25,000. In the Community as a whole, the number of steel workers has fallen by 145,000 since 1975.

Structural

Those are figures which point to the existence of a crisis which is not merely cyclical, even though under the impact of the world-wide economic recession steel prices have fallen by more than 15 per cent since the summer. The crisis is structural and the policies of the Community and of the Governments will be judged by whether they facilitate the necessary adjustments or not. *The Germans* seized upon this point in arguing against a mandatory regime, claiming that their industry had already cut back and was in danger of being penalised by the manner in which quotas were to be fixed.

It is true that the German steel industry has reduced its crude steel capacity by about 10m tonnes pa since 1976. On the other hand it is hard to see why Bonn pleaded for the maintenance of a voluntary regime that had patently broken down—unless the purpose was to undermine the idea of production quotas altogether.

In this context it would be wrong to underestimate the objections on principle of the German economics ministry to *dirigisme* in most of its manifestations. But there is reason to suppose that the delaying moves of Count Otto von Lambsdorff, the German Minister of Economics, were also tactically inspired. He does, for instance, seem to have won concessions for the smaller German producers of special steel, judging by yesterday's news from Brussels.

Two main factors make the entire problem especially difficult to cope with: the European steel industry, and especially that of the ECSC, has been the loser in a secular process greatly accelerated in recent years, which has caused steel industries to spring up in previously unindustrialised countries.

Diversity

The second problem is the diversity of the steel industries within the Nine. In Belgium steel is private, often out of date, but politically important; in Britain it is state owned and underwritten by the State, with poor productivity, but engaged on an heroic effort to rationalise. In Germany it is private, largely, but not entirely unsubsidised, and has traditional ownership links with manufacturing which have lately stood it in good stead.

But a simple rule applies in each case: inefficient production is a waste of resources which no society can afford over an extended period. What the Nine and the European Commission are about to agree must not overlook that rule. Production quotas must be used to create an environment in which an orderly restructuring of the industry is facilitated: they must not be a blood transfusion for the moribund. They must be limited in time and they must not be allowed to drag the Community into an external trade war.

THE JAMAICAN ELECTION

NIGHTFALL transforms many parts of Kingston, the capital of Jamaica, into a ghost town. The only movement is that of heavily armed patrols of soldiers and policemen and equally heavily armed gangs who roam the depressed areas of the city, dressed in military fatigues, kicking and shooting off doors to homes and murdering the occupants in their beds.

Some victims of this violence—which has grown worse in the run-up to tomorrow's general election—disappear for good. But the bodies of most are are found days later bound, gagged and labelled either "Socialist" (a supporter of the ruling People's National Party) or "Labourite" (an adherent of the Jamaica Labour Party).

This constant killing overshadows an election whose central issue is whether either party can halt the downward spiral in the island's economy.

Jamaica's 900,000 voters will be voting at a time when registered unemployment has jumped to 31.5 per cent, when the GNP has fallen by 16 per cent over the past six years and when a chronic lack of foreign exchange threatens a severe shortage if imported food, machinery, spare parts, drugs and fuel.

But the election has implications that stretch beyond Jamaica. The island—hit hard by the rise in the oil price—has become something of a test case in the developing world. A three-year relationship with the International Monetary Fund came to an abrupt end in March when Mr. Michael Manley, the Prime Minister, broke off negotiations about fresh IMF aid.

Mr. Manley has blamed the Fund for making a difficult situation worse over the past three years and has reacted angrily to reports that Mr. *Edward Seaga, the* Opposition leader, held talks with the IMF in Washington in June. Other developing countries are watching closely to see how this bitter argument is resolved.

Washington and Havana are also taking a close interest in the outcome. With the installation of left-wing governments in Nicaragua and Grenada, there has been concern in Washington that Mr. Manley's relations with Havana could make Jamaica another Caribbean domino which will fall to Communism.

The Jamaican Prime Minister insists, however, that his relations with Cuba are based on the geographical proximity of *both islands—separated* by 90 miles of the Caribbean sea—on the fact that hundreds of thousands of Jamaicans live and work in Cuba, and that within the context of his Government's non-aligned foreign policy, it has been quite in order for his Government to have relations with Washington and Havana.

But Mr. Seaga and some more Hawkish elements in Washington, have charged that Mr. Manley intends to turn Jamaica into another Cuba, and has been adopting a policy of "creeping Communism" which threatens the Jamaican economy and the country's traditional friendly relations with the U.S. The Labour Party has been traditionally anti-Communist and pro-American—to the extent that the party's emblem is the Liberty Bell, including the crack. Labour Party officials have indicated that under a Seaga administration, Cuban diplomats would not be welcome.

Jamaica: the reality and the fantasy.

A violent climax to a critical campaign

Canute James reports from Kingston on the problems facing Jamaica, which goes to the polls tomorrow. Unemployment on the island is running at 31.5 per cent, the GNP has fallen by 16 per cent over the past six years and there is a chronic lack of foreign exchange. In an atmosphere of violence and counter-accusations, the Jamaica Labour Party, led by Mr. Edward Seaga (left) is challenging the People's National Party, whose leader is Mr. Michael Manley (right).

Mr. Manley has admitted that his Government, which took office in 1972 and which was returned in 1976, has made errors. The economic state of the country, he says, is not healthy—inflation in the 12 months to May was running at 26.4 per cent—but he adds that it could have been worse were it not for the policies pursued by his party. The Prime Minister blames the islands' economic straits on increases in oil prices, world inflation, and the failure of Jamaica to obtain better prices for its exports.

But Mr. Seaga, a *former* Finance Minister, claims that Jamaica's economic "debacle" is a consequence first of Mr. Manley's Socialist policies which have driven away investors, and second of general incompetence in the management of the economy.

The Opposition leader sees Jamaica's economic salvation in going flat out to woo American investors, making use of what he describes as the island's greatest natural economic asset, its proximity tot he U.S. There is, he has said, hope for Jamaica in adopting a "Puerto Rican model" of economic development.

Mr. Manley has said one of the priorities of his Government, if returned to office, will be an attempt to obtain rescheduling of payments on about US\$750m of the island's US\$1.3bn external debt.

An attempt in March by Mr. Hugh Small, the Finance Minister, to persuade commercial banking consortia to reschedule \$450m of debts was rejected by the banks, which granted only a temporary agreement to roll over principal repayments on 87¾ per cent of the debt, subject to monthly review.

Interest payments on the total debt, and principal repayment on the other 12¼ per cent, the banks said, would continue. The problem for a re-elected Manley administration, however, is that the commercial banks have said they will consider no further rescheduling, or new loans, until the island has in place an agreement with the IMF.

Having stated that he will be having nothing to do with the IMF, Mr. Manley, if returned to office, could be forced to live on a trickle of loans from friendly governments—Venezuela, Mexico, Canada, the Netherlands and the Scandinavian countries—certainly no real cure to the economic stagnation which afflicts Jamaica.

Mr. Manley's anger with the MIF has been building up for the past three years. But it came to a head when the Fund asked the Prime Minister to cut J\$100m (US\$ 56m)—by a further the budget—already reduced by ther J\$50m. The Jamaican leader argued that this was a recipe for his political suicide as it would mean the dismissal of 11,000 Government workers at a time when unemployment was already causing serious social problems.

If he replaces Mr. Manley as Prime Minister, Mr. Seaga's dilemma will be slightly different, but equally challenging. There is very little basis on which he can assume that recent Third World pressure for changes in the IMF's operations in poor countries will make conditions for loans any easier.

The factors which scared Mr. Manley away from the Fund could still affect Mr. Seaga—*serious budgetary cuts and con*sequent increase in unemployment combined with a programme for a wage freeze and uncontrolled prices.

Already, the National Workers' Union, which is affiliated to the PNP, has warned that such a programme would not be acceptable under any Government. The JLP-affiliated Bustamente Industrial Trade Nnion has been silent on the matter, but there is little on which Mr. Seaga can base hopes that the unions will not rebel if he were to accept these conditions.

As it is, the Jamaican economy currently rests on three pillars: bauxite and *alumina*, tourism and export agriculture. The economic problems facing the Government would have been worse were it not for moderate increases this year in earnings from bauxite and tourism.

The U.S. is the island's major tourist market, and this year provided 68 per cent of the record 553,000 tourists. This represented an increase of 11 per cent over last year, but more significantly for the Jamaican economy, earned the island \$195m — an increase of 56.1 per cent over last year.

The industry is concerned, however, at the threat from the political violence which has been sweeping the island. "This could be a long and dreary winter," said one official of the Jamaica Tourist Board.

The performance of the tourist industry has put it second to bauxite/alumina as a foreign exchange earner. The improvement in the earnings from bauxite came after a five-year wrangle between the Government and the North American firms operating in the island. The Manley administration in 1974 unilaterally imposed higher taxes on the firms, after inconclusive discussions on how much more the Government *should* get. The new taxes increased Jamaicas earnings from \$23m in 1974 to \$177m in 1975, but the companies—Alcoa, Alcan, Kaiser, Reynolds, Anaconda and Revere — said Jamaicas bauxite and alumina had become uncompetitive.

Production fell from 16m tonnes per year in 1975 to 11.5m tonnes last year. The Government negotiated with the companies and a mutually acceptable formula was agreed. Bauxite and alumina production are projected this year to increase by 8 per cent, and the island's earnings from the industry should reach \$208m.

Leaders of both parties also know that their best intentions for economic recovery could be thwarted by the frequent bouts of violence which have been sweeping the island. Since the beginning of October, there have been 67 deaths attributed by the police to political motives, including that of Mr. Roy McGann, a junior Minister for National Security who was shot after police intervened in a party political fracas just outside Kingston.

Both Mr. Manley and Mr. Seaga have consistently denied that the armed gangs are connected with them. Following a record 125 murders in July, the political leaders issued two joint statements condemning the violence, and said that party members found to be involved would be expelled and handed over to the police. At the same time the police and the army were brought under a joint command and given powers to search homes, offices and vehicles, and detain suspicious persons. The death toll subsequently fell for a period.

In this atmosphere there may be a marked reluctance to vote tomorrow. The security forces voted on Saturday so that they could be free on Election Day, but Jamaicans are not convinced that it will pass without incident.

The island's hard-pressed security forces of about 4,000 have found it difficult to come to grips with the gunmen and they are still not clear about the origin of the guns and ammunition.

"Whoever is supplying them has access to money and guns and can get them into the island undetected," said a senior police officer. The gangsters' stock in trade are American M-1 and M16 rifles.

There is, however, a growing feeling among the police that the entry of the guns is linked to the illegal ganja (marijuana) trade between the island and the U.S. Light aircraft, based in Florida, land on improvised airstrips or lightly used highways, and grab their cargoes of marijuana. In return the police believe arms and ammunition are unloaded.

Mr. Seaga has accused the PNP of being behind the violence, charging that Mr. Manley was seeking an excuse to postpone the election. Mr. Manley, who has called the election a year before it is constitutionally due, says he has no intention of postponing it.

"We will not be intimidated by terrorists," the Prime Minister said, explaining: "If we were to postpone the election those who are bent on violence will ensure that we will never again have an election in Jamaica."

The Prime Minister, however, is alive to the danger of the island's democracy from violence. He has said the situation is a threat to the democratic process, but adds that he is hopeful that tomorrow's election will be peaceful.

But in the back of his mind, as with many Jamaicans, must be the possibility that Jamaican democracy will fall victim to the roving packs of gunmen who have given no indications that they will be laying down arms after the election.

In such a situation of fear and instability, programmes for economic recovery by the victorious party would never get off the ground.

MEN AND MATTERS

Keynes goes on the record

Donald Moggridge was a mere fledgling economist of 26 when Sir Austin Robinson, then secretary of the Royal Economic Society, burdened him with the task of editing the collected writings of John Maynard Keynes. Now, 11 years later, Professor Moggridge of Toronto University tells me his toils are almost over and that the 30-volume series should be completed in time for the Keynes centenary in 1983.

A big seller by academic publishing standards (Macmillan prints 4,500 of each volume), the work is a smash in Japan.

Evidently a fast worker with the blue pencil, and scribbling mainly through the long vacations and in his spare time, Moggridge has lost count of the tons of papers passing through his hands. He does, however, recall with some astonishment *a 7 ft 6 in high pile* of photocopies provided by the Treasury for the wartime volumes.

"The only real horror," he tells me, "came when I was past volumes 13 and 14 on the treatise and general theory. That came out in 1973. I went to Canada and came back in 1976 to find someone had discovered a large laundry hamper of papers that should have been included."

Sticking to his brief of comprehensive coverage, but with little apparent respect for chronology, the missing links from the washing basket were briskly cobbled together to make up volume 29.

"Since I saw the papers," he says, "the Treasury has somehow managed to lose all the relevant minutes. The series is now the only source."

Bug bears

Ah, the problems of security in the corporate finance departments of a merchant bank.

After details of "secret" talks between Christopher Sporborg, a director of Hambro's, and Peter Cadbury, former chairman of Westward TV, found their way into a Sunday newspaper, Cadbury accused Hambro of leaking the information.

Rebutting that suggestion, *Sporborg offered the possibility* that the only way a leak could have occurred would have been through a bug on someone's telephone.

So seriously does Hambro take threats of intrusion into its privacy, he admitted, that it regularly has a security firm in to make the rounds of its boardroom and offices to ensure its phones and filing system are leak-proof.

When I raised my eyebrows over this, he astened to add that no devices had ever been found. "We've always come up clean," he said. "We only had it done recently so it could not have been an eavesdropper on our phones who heard about the talks."

Embarrassment lingers, however, and I suspect that the nickname of young Jamie Hambro—known as "Bugs" to his cronies—is no longer considered amusing in family circles.

Pavitt puffs on

Laurie Pavitt, that most persevering of politicians, will bring his 15th private member's bill to curb tobacco advertising into the Commons when the new session begins next month.

Every year since 1966, the Labour MP for Brent South has made a legislative foray against *the temptations on offer from* the industry.

None of Pavitt's anti-smoking bills has made it to date, though it was largely from the all-party base he established that the late Sir Gerald Nabarro succeeded in pushing legislation far enough in 1968 to persuade the Government to seek voluntary restraints from the industry.

Advertising restrictions were tightened again in 1977, partly due to Pavitt's prompting, but that agreement expired eight months ago.

Throughout the year he has been pressing Patrick Jenkin, Social Services Secretary, for news of progress on a new voluntary code. He has merely been told, as I was yesterday, that "talks are *still* continuing" between Sir George Young, the Department's Under-Secretary, and the Tabocco Advisory Council.

The fleet's in

Tension and conflict do occasionally punctuate the tedium of EEC Ministerial meetings, but acrimonious exchanges are usually confined to the plush, soundproof surroundings of the council chamber. Less common is the kind of strain now visible in relations between Peter Walker and representatives of British fishermen who have patiently and faithfully lobbied EEC Fisheries Councils for some *three years*.

Indeed, there was more warmth in a cold fish on a fishmonger's slab than in the view of Walker shared by the 30-odd fishermen's leaders lobbying yesterday's council meeting in Luxembourg. Their predictable appearance has become increasingly charged with foreboding this year as the Nine move steadily towards their target of agreement on a common fisheries policy by the end of the year.

Walker takes care to brief the fleet during the course of the days and nights of haggling, but during the long hours of waiting the brooding piscatorial presence acts these days like a *Greek chorus, muttering darkly* of "sell-outs" and waving sheaves of papers lined with every imaginable statistic on *fish*.

The British Fishing Federation and the Scottish Fishermen's Federation think the expense of flying two dozen or more trawlermen out to Luxembourg or Brussels is well justified. Some, including the old Scotsman or two, even pay their own way. Ministerial backbones are stiffened, by the fishermen's presence, they say, although some are starting to despair of Walker's vertebrae.

Out of the red

Toronto businessman, Wallace Edwards, has successfully completed what must surely be one of the most dogged debt-collecting operation ever.

From Russia, if not exactly with affection, he has finally received, in bundles of Canadian \$1 notes, settlement of his \$36,000 claim for a 13-year-old unpaid bill.

Initial attempts to secure the money were hampered by Canadian Government officials who, he says, seemed far from eager attempts to challenge the Soviet claims to diplomatic immunity.

"It was the principle not the money that concerned me," he says — and in pursuit of both he tried, among other things to impound the skates of a visiting Soviet ice-hockey team and to get a local court order for the seizure of a Russian airliner.

Persistence paid off last week. A Toronto court ordered Sheriff Joseph Bremner to arrest a Soviet freighter, berthed in the city's docks, and hold it until the bill and the interest were paid.

Just in case, Edwards also took action to freeze the bank accounts of the Russian embassy in Ottawa. The Russians surrendered and Edwards got his money, together with the case of vodka and a pound of caviare he had demanded for the celebration.

Hindsight

Much interest, I hear, focused on one Tom Dyer, the first speaker at a Periodical Publishers' Association meeting in London yesterday.

Group business economist with the Thomson Organisation, Dyer spoke on: "How to forecast intelligently."

Observer

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Japanese Industry

Skilled workers ensure the quality of Japan's varied products

Traditional heavy industries are giving way to a new generation of products which use integrated circuits as a raw material. Already there are signs that these industries will outstrip those of the West, but at the same time the far-reaching changes in the economy they will create will present new opportunities for Western exporters.

Economy takes a new turn

By Charles Smith
Far East Editor

JAPAN IS a country which has traditionally suffered from problems with its image in the West. Its people have sometimes been dismissed as mindless automations working endless shifts in substandard conditions for inadequate pay so that the national balance of payments can benefit. Yet Japan has also been portrayed as the picturesque land of cherry blossoms and Mount Fuji.

The purpose of this Survey is not to comment on either of these well-known images but to present a new one: that of a Japan that is undergoing extremely rapid change in ways that could be of great significance to the West. The speed of change is not related to GNP growth rates, which have now slowed substantially and will almost certainly never regain the levels of the 1960s. Instead it is a matter of some far-reaching structural shifts in economy and, more broadly, in the whole of Japanese society.

The structural shift that is under way in Japan's economy has three basic aspects. One is that the heavy industries that sustained the nation's economic growth in the 1960s and early 1970s are losing much of their dynamism and in a few cases even ceasing to be viable at all, thanks to changes in materials and energy costs or to disappearing world markets.

Major industries such as shipbuilding and petrochemicals have had to be drastically shrunk during the past three to five years as the international conditions surrounding them have turned unfavourable and further scrapping of capacity in these and other areas may become unavoidable before long.

Japan's achievement in this field (no less than 35 per cent of shipbuilding capacity, for example, has been dismantled *in the past three years*) appears remarkable enough in itself. But it would naturally have been of little value (and might not even have been possible) if *Japanese industry had not had* somewhere else to go—which is where the next aspect of structural change comes into the picture.

The second point about Japan's development—and the one which takes up most of the space in this survey—is that a host of "new industries" have made their debut during the past five to eight years and, in the process, have taken over from the old heavy industries as the main force behind the growth of Japan's manufacturing economy.

Saturation

To say that all the growth industries of today's Japan are "new" is of course, to oversimplify. The Japanese industry which is currently most in the news in the West, its motor industry traces its origins back to the early 1960s and even before and can in some ways be regarded as a contemporary of the older generation of heavy industries.

But Japan's motor industry already appears to be experiencing some limits to its expansion in the domestic market (registrations have been down every month but one since the start of 1980 amid gathering signs of market saturation) and some motor men are ready to admit that, even in overseas markets, the industry may now be very near the end of its steep growth curve.

The industries which will take *over from motors* (and are already taking over from steel and shipbuilding as the spearhead of Japanese industrial growth) are a more numerous *and heterogeneous group than* the old staple industries and in no case promise to become individual economic pillars of the importance of their predecessors. Each, however, would seem to have promising prospects, either at home or in export markets, and each has the merit of being less "greedy" in terms of energy and materials consumption than its predecessors.

The list of "newcomers" includes industries where western industrial countries *have traditionally held the lead* (tractors and machine tools) but where Japan has managed to develop new market sectors hitherto ignored in the West; *industries where Japan itself is* emerging as a pioneer (industrial robots), and industries where Japan still has a good deal of catching up to do but where national security considerations dictate a major effort (nuclear power).

Two characteristics of the new generation of Japanese industries deserve particular note in that they provide a clue to the general direction in which the country's economy is heading—or is meant to be heading—over the next decade. They are "knowledge intensive" rather than *materials* intensive, in the sense that research and development expenditure in almost all the new fields has been and will *continue to* be heavy, and they have tended to be grouped around a new "basic" raw material: the Integrated Circuit.

ICs, of which Japan is now *the second largest producer in* the world (following the U.S.), promise to play a central role in supporting the growth of Japan's economy over the next decade roughly similar to that played by steel in the 1960s. Because the industry occupies this crucial position it can be expected that Japan's development effort in ICs will be even more determined, and even more strongly backed by research funds, than its efforts in other new fields.

The emergence of Japan's new industries has two important implications for its trading partners, neither of which has yet become fully apparent in the West. The first point is that, as an indispensable pre-*condition for structural change,* Japan has been obliged to turn itself into a country with the highest technological standards —not only in production systems where the Japanese have always been strong but also in the development of new products.

The second point is that if *the Japanese "new industry"* revolution goes according to plan trade relations with Western nations may begin to look very different from the way they look today. Japan has explicitly stated its desire to avoid trade frictions with the West by selling to Europe and the U.S. products which Western industry does not make (and perhaps never will make) rather than items which compete directly with those being turned out by Western industry.

It has already begun to succeed in this endeavour, for example, with the video tape-recorders which now earn more foreign exchange for Japanese exporters of electronics than colour television sets. But the number of "unique" Japanese products which appear in the West could grow substantially in the future.

If Japan's structural reforms go according to plan, in future Western industrial nations *may increasingly find themselves* in a position where their first priority in bilateral trade and economic relations is to catch up with or learn from the Japanese, not to confront them *into a head-on competition as* has recently been the case. The fact that this situation is already beginning to make its appearance is indicated by the emergence of a favourable balance on Japan's "new technology" trade (i.e., on the amounts of money which flow in and out of the country in payments for newly negotiated, as opposed to long-running, technology agreements).

Opportunities

However, it would be wrong to suggest that the only significance of changes currently under way in Japan for the West is that Western industry *should start* trying to learn some new lessons. Greater productivity and diversity in the Japanese economy (and in consumer tastes) could create *major new marketing opportunities* for Western exporters, provided they are willing to recognise them.

The final major structural *change* that Japan's economy seems to be undergoing is a rapid expansion of its services sector. Services have always been an important part of the *Japanese economy, despite* the country's reputation for being, above all, a manufacturing centre. But the rate of expansion in services accelerated *sharply after the 1973 oil crisis* (when consumer demand for many of Japan's basic industrial products seemed to reach saturation) and the pace is still being maintained.

Japan's growing stress on services (which are, by nature, labour intensive compared to industry) has only been possible because of sharply higher productivity levels in manufacturing industry. It can, as such, be seen as a "luxury" earned by industrial progress, but it happens to be a luxury which can hold out benefits for trading partners.

U.S. fast-food chains and retailing chains were major beneficiaries of the service growth that took place in Japan *during the 1970s. In the '80s,* as Japanese tastes grow more varied and sophisticated, new opportunities could appear for European exporters.

The Japanese themselves are fond of pointing out that, despite all the prosperity of today and despite the new horizons that are currently unfolding for their country, disaster could still strike. Japan's economy is more dependent on imported energy than that of any Western nation and much of Japan's vital manufacturing capacity is located in earthquake zones. Japan could receive a series of "jolts" from either of these sources that *would set back its growth considerably* at any time over the next few years. But for the time being, it seems that living dangerously (as Japan undoubtedly does) *is one more* stimulus to the nation's dynamism and imagination.

CONTENTS

Huge advances made in a matter of months

Technology

CHARLES SMITH

AN OUTSIDER, without the time to watch Japanese technology develop, risks feeling like a modern-day Rip Van Winkle, waking to find the world has changed after a brief nap. The evidence of change over just the past few months, in some cases, has been breathtaking.

Two examples: A mere 12 months ago vists to manufacturers of industrial robots yielded cups of tea but only vague impressions of just where the industry was headed. The same trip now produces a huge flood of information, and the prospect of Japanese robots soon making robots.

A more impressive development came earlier this year when Nippon Telephone and Telegraph (NTT), the telephone monopoly, unveiled a laboratory model of a super-size 256 K bit microchip, two generations ahead of the present models (which Japan now dominates). "Before I arrived (in Japan) this year," admits an electronics specialist attached to a European embassy in Tokyo, "I hadn't even heard of NTT's work."

Key area

Over the past decade Japan, without much fuss, has pushed itself into the most advanced areas of technology. This is particularly true in the area of electronics, microchips and computers, an area which most observers feel holds the key to future industrial growth in the world. "We Europeans can gradually catch up (in electronics)," a senior executive at Philips, the Dutch electronics giant, says privately, "but the Japanese very clearly will continue to be the leaders."

The Japanese have produced only three Nobel prize winners for science since the end of the war (the same number that the U.S. had this year alone). What the Japanese Government and industry has done, however, is to establish its priorities in technology very carefull over the past three decades. More importantly, despite some painful failures on the way, the Japanese have patiently organised and worked to meet their goals.

Just after World War Two, starving Japan urgently worked for higher yields from rice. In the 1950s technology imports were the basis of economic recovery. The following decade depended on new technology to move Japan into the age of high growth. This meant mass production technology in steel (based on foreign developed techniques), home appliances, electronic goods, etc.

Industrial success brought pollution, which required a new generation of technology to control it. The energy crises of the 1970s produced a whole new set of challenges, most of which are being met with stunning success. Japan now creates more real economic growth with less energy consumption than any other major industrialised nation.

With each new turn, the Japanese have shown that sensible application of a limited financial resources and close co-ordination between government and private industry produces results. The Japanese Government itself contributes proportionately much less to research and development than the governments of any of the other major industrial countries. The government supplies less than 30 per cent of R. and D. funds compared with 50 per cent in the U.S., UK and France, and 41 per cent in West Germany. (Industry provides 65 per cent in Japan). The government, however, makes sure that the basics, such as statistics on the strength of which decisions can be made, are up to date and accurate. By poor contrast, the latest statistics on UK spending for technology are dated 1975.

What is important is where the Japanese Government spends money. High on the list have been energy and nuclear power, computers and semiconductors (and now software), and aircraft. A surprising amount of money, however, is funnelled into projects to help Japanese industry manufacture better machinery and production systems, develop new materials needed for producing high technology goods, and even build better housing. (The latter effort, in all deference to the EEC's report last year on Japan, could produce the first computerised "rabbit hutch" in the world.)

MITI runs 16 national laboratories which spin off patents for private sector use. It subsidises the formation of private sector research associations, presently 31 in number, to work in specialised technology areas. The VLSI project was one such grouping, consisting of Nippon Electric Company, Toshiba, Fujitsu, Hitachi and Mitsubishi Electric. The Government provided a Y30bn subsidy for the Y72bn three-year programme. (MITI subsidies are in the form of interest-free loans, which will be paid back if the companies make a profit.) These associations would clearly violate anti-trust laws in countries like the U.S.

MITI has also been authorised to spend money in certain areas in which it feels Japan has to advance, but where private interest is low, this year's budget included a Y355m item devoted to developing the "super computer" (the so-called Josephson juncture), after MITI found that IBM had about 200 people working on such ideas while Japan could count a total of only 50.

May not work

Many scientists are doubtful that the super computer (which in theory, requires operation of switching devices at the fantastically low temperature of liquid helium) will ever be a reality, but Japan is preparing to spend about Y30bn over the next five or six years to find out. Meanwhile, work on other "super" systems is advancing.

Japan is certainly not immune to the failure of nationally inspired projects. In the 1960s, a MITI idea to band the computer industry into one IBM competitive grouping failed under the sheer force of competition among the companies themselves. Its early attempt to bring Japan into commercial aircraft production, the YS-11, was finally dropped in 1972 after 182 aircraft were produced, at a loss of about Y28bn because of a failure to market the aircraft. (A subject treated elsewhere in this survey.)

The fear of failure, however, has not paralysed advances. On the contrary, in the somewhat related areas of space and satellite development Japan has emerged very strongly. Meanwhile, the aircraft industry is being promoted now on the basis of international co-operation, a very sensible approach for an industry liable to unpredictable international market trends.

This positive approach to technology is beginning to pay off in trade with the rest of the world. Since the mid 1970s the rate of increase in exporting technology has exceeded that of imports (although the balance of payments in technology is still very much in the red). In the fiscal year which ended in March, Japan's technology exports were up 30 per cent (to $342m) while imports were up only 6 per cent ($1.26bn). This pushed the export/import ratio up five points to 37.1 per cent. The U.S. accounted for 50 per cent of the cases of "class A" technology imports, France 11.7 per cent, West Germany 10.8 per cent and the UK 7.7 per cent.

More revealing of Japan's present strength is that the balance of "new" technology trade (excluding the technology Japan imported long ago and is still paying for) turned to surplus in 1972.

It was possible just one year ago (when the first "New Industries" survey was published) to say some Japanese feared that technology could be a weakness in Japan's future development. This was based on factors such as the low level of official support for basic research. The chances of the individual scientist creating a new idea in some university laboratory are much lower in Japan than in the West, where such events are promoted by a purer approach to science.

Japan has taken a very different approach and made it work equally well. The quality of the technological advance is at least partly the result of an unabashed concern for the quality of products at all levels in industry. Moreover, the Japanese believe that they have to keep advancing in order to meet the challenges of the new energy crises to come. The sense of urgency is certainly much greater than it is in Europe and the U.S.

There are limits to what the Japanese can achieve. IBM, with its enormous resources, will most likely continue to dominate the world-wide computer industry despite Japanese success in promoting the state of their technology. It is also unclear whether the Japanese will continually be able to match technological advances with marketplace profits. What can be said, however, is that judging from past and present performance, the Japanese have been able to recognise their weaknesses and made some of them disappear.

Some industries forced to shrink to survive

Structure

CHARLES SMITH

"OVER - COMPETITIVE" Japanese exports have been blamed for many of the structural problems confronting industry in the West (although Japanese exporters always deny responsibility). That being so, it is ironic to have to report that many Japanese industries face structural problems of their own.

The huge Japanese textile industry, which was the country's largest export earner until the early 1960s, is plagued today by high wage costs and by competition from "New Industrial Countries" (NICs), such as Taiwan, Korea and Hong Kong. The shipbuilding industry is confronted both by competition from the NICs and by the problem of world-wide excess capacity. Industries, such as aluminium and artificial fibres, are hampered by materials or fuel costs that are much higher than those of the same industries in more richly endowed countries.

These industries, and others like them (the list includes chemical fertilisers, electric furnace steel making, and non-ferrous metals) have had to be "shrunk" in the past few years to conform to the hard facts of international competition or domestic operating costs. The means by which the shrinkage was achieved are worth studying as a possible model for industrial restructuring programmes in the West.

Stage One in the process of cutting Japan's "structurally depressed" industries down to size was a reluctant admission by the industries themselves in the difficult years following the 1973 oil crisis that survival could only be bought at the cost of a reduction in operating capacity. This laid the foundation for the enactment, in mid-1978, of a "Law on Extraordinary Measures for the Stabilisation of Designated Depressed Industries" which was jointly sponsored by the Ministry of International Trade and Industry and the Ministry of Transort (the two Ministries with responsibility for the individual industries actually facing structural problems).

The Law listed four major industries as candidates for restructuring and established procedures for designating others. It also set up elaborate machinery for deciding the amount of capacity to be scrapped in each industry and for financing the process. The actual scrapping programmes, which involved tricky decisions on the allocation of caacity cuts between different companies in the same industry, were drawn up with the help of industry advisory councils whose membership included senior executives from the industries concerned and bureaucrats from the responsible Ministry.

"Scrapping loans" were extended by commercial or long-term banks to the companies making the cuts, backed by a guarantee fund which was 80 per cent financed by the State-owned Japan Development Bank.

Safety net

The loans were used to meet the actual costs of dismantling surplus capacity as well as to pay the retirement allowances of workers who "voluntarily" left the industries concerned. (There were no compulsory lay-offs in any of the major industries which underwent restructuring. However, since the total value of loans extended under the programme was only about twice the value of the state—financed guarantee fund (Y20bn as against Y10bn) a substantial safety net exists for companies which fail to regain viability, even after completing capacity cuts.

The actual amounts of capacity to be scrapped under the Law ranged, as the accompanying table shows, from a maximum of 45 per cent of total production capacity in the urea fertiliser industry (hit by the growth of indigenous production capacity in Japan's traditional Asian markets) to 10 per cent in the polyester filament industry. The industry in which the most dramatic slimming process has occurred over the past four years is, however, shipbuilding.

The process was made dramatic by the huge reduction in employment which accompanied the scrapping of shipbuilding facilities and by the problems posed by the existence in the industry of large and diversified companies which were not only partially dependent on shipbuilding and small companies with no other lines of activity.

The rundown of shipbuilding employment, which began even before the enactment of the Depressed Industries Law, took the industry's total labour force —at a peak of 280,000 workers in December 1974— to 120,000 at the end of last year. The reductions were planned so as to protect "lifetime" or permanent employees of the shipyards so far as possible: in other words some tens of thousands of temporary or part-time workers felt the first impact of the shrinkage programme.

The industry's boast is that not a single *permanent* employee of any shipbuilder that survived the reducing process was forced to quit his job. But jobs were lost through the bankruptcies of the 37 medium-sized shipyards that did *not* survive and some of the bigger yards instituted "voluntary retirement programmes" in which some thousands of older workers were "encouraged" to participate. Transfers of workers from the shipbuilding division to other less hard-hit divisions of diversified heavy industry companies also helped to reduce total numbers.

The 35 per cent across the board capacity cut that was set as an overall target for the shipbuilding industry was distributed in such a way as to bear lightly on small companies and heavily on larger and more diversified enterprises. Thus companies with over 1m gross tons of building capacity (the big seven shipbuilders) undertook to cut 40 per cent of their capacity while the 21 smallest companies in the industry cut 15 per cent of total capacity.

A special Association for the Stabilisation of the Shipbuilding Industry, financed partly by the stronger members of the industry, was established to acquire and eventually resell land owned by some of the weakest and smallest companies. The device recalls the establishment of a special fund to acquire surplus equities when the Tokyo stock market was in trouble in the early '60s.

The "special law" of 1978 set dealines ranging between January 1979 and March 1980 for the completion of facility scrapping programmes. Programme officials say the deadlines were met or almost met in every case and that the former depressed industries are now enjoying the benefits of having been slimmed down to size. The 32 per cent cut in Japan's aluminium refining capacity is claimed to have had a directly beneficial effect on the international price level of aluminium which in turn helped to boost the profitability of what is left of the industry in Japan.

The drastic thinning out of shipbuilding capacity may also have done its bit to produce a turnaround in the world ship market, although most Japanese shipbuilders appear still barely to be breaking even. Even in deeply depressed industries, such as chemical fertilisers, conditions appear to have looked up somewhat since the scrapping programme was carried out.

But this is not to say that the problems of such industries have been solved. In chemical fertilisers, spinning and shipbuilding Japan has to learn to live with highly competitive new Industrial Counties. In aluminium and artificial fibres it is faced with the equally unchangeable facts of excessive materials and/or fuel costs.

Little growth

Almost certainly, therefore there will have to be further rounds of equipment scrapping in several of the industries designated by the 1978 law, while in other sectors (such as fibres) there will be little future growth. For some key materials industries such as aluminium survival may ultimately depend on national security considerations, rather than on the ability to compete.

Japan's methods of scrapping outdated industrial capacity seem to deserve study by the West in that they have neither involved massive open-ended government subsidies of dying industries nor the wholesale creation of unemployment. The Japanese approach however, presupposes a closer working relationship between Government and Industry and more willingness on the part of individual companies to stick together in an emergency than is to be found in most Western countries. That being the case, it may prove exceedingly hard to imitate.

RESTRUCTURING JAPANESE INDUSTRY

How the Cuts were made

Industry	Capacity cut (%)	Scrapping deadline	Freezing period until
Electric furnace steel	14	March 1979	March 1981
Aluminium refining	32	March 1980	June 1983
Nylon filament	19	January 1979	March 1981
Polyester filament	10	January 1979	March 1981
Shipbuilding	35	March 1980	June 1983
Ammonia	26	June 1979	June 1983
Urea	45	June 1979	June 1983
Cotton spinning	6	October 1979	June 1983

Subcontractors provide an economic safety net

Small-scale Industry

RICHARD HANSON

JAPAN probably holds the *world record for the ratio of* "shacho," or company presidents, per capita: one out of every six working males, according to a very rough calculation. This reflects the vast number of small- and medium-sized enterprises which hold the Japanese economy together.

The role that small companies play in the Japanese economy would appear to give proof to E. F. Schumacher's contention in the 1960s that, in business, "small is beautiful." Japan has allowed small- and medium-sized businesses a more dominant position in the post-war economy than any of the other major industrial countries.

About three-quarters of the national workforce (or roughly 35m people) work for companies of less than 300 employees, more than twice the comparable figure in Britain. Ninety-nine per cent of all businesses in Japan fall into the small- and medium-size category, though the average "shacho" lords over only 5-6 people.

The idea that small companies represent an asset to the country, rather than an impediment to fast growth, is relatively new in Japan. From the Meiji restoration in 1868 to the end of the Pacific war, Japan successfully built large industries. Japan was still a largely agricultural land, and the city-based small entrepreneur led a precarious existence with little help from the government.

Small businesses came into their own, however, in the post-war economic boom. Supported by the Ministry of International Trade and Industry (which formed a Small and Medium Enterprise Agency in 1948), a maze of subcontractors and small manufacturers engaged to serve as the foundation for growth in large industries.

Over the past two decades, MITI has streamlined its efforts to help small businesses prosper (the MITI definition in the manufacturing sector is: less than 300 employees or less than yen 100m in capital), the laws now provide for tax deferrals to encourage modernisation, consulting services, and a very important exemption to the antimonopoly law which allows small companies "voluntarily" to band together in co-operatives and guilds. Government-sponsored financial institutions and private credit guarantee associations were established; tax breaks on corporate income below Y7m allowed. This year the Government opened a special small business college.

Official interest in fostering the smaller half of the economy shows no sign of waning. The latest official study was given the very positive title of "Rediscovering Small and Medium Size Enterprises in Japan."

The amount of attention paid to small business reflects, in part, political clout of that vast army of company presidents, as is the case with farmers, small businessmen tend to be conservative and help ensure that the ruling Liberal Democratic Party remains in power, they in turn are protected.

Vulnerable

The system, however, is much more than a political convenience. The evidence in the manufacturing sector is that the smaller companies have contributed strongly to the overall efficiency and flexibility of the economy, this is despite small companies having lower levels of productivity than big companies, and being highly vulnerable to bankruptcies and sudden shifts in larger economy one measure of the resiliency of this half of the economy, however, can be found in the company "birthrate" statistics. For every three small companies which fail, 3.5 are established.

Reflecting the general trend of the Japanese economy, more small companies are being created in the service sector than in manufacturing. But while employment in the manufacturing sector declines, the share of small companies manufacturing output has been increasing. There are two basic categories in which small manufacturers fall: independent producers and subcontractors—the latter are the more important.

To a far greater degree than in the U.S. and Europe, large companies depend on supplies from outside subcontractors. Toyota Motor Company is perhaps the best example, having about 140 direct suppliers (many of which are partly owned) below which there are about 40,000 subcontractors.

A diagram of how Toyota assembles its cars and trucks would look like a huge pyramid, with a relatively simple assembly operation on the top drawing its parts from the bottom levels. The quality standards which Toyota establishes for its final product means that each level of subcontractor must assure that the layer below it maintains a high degree of quality. Toyota itself can thus operate smoothly with very small on-site inventories of parts, thus reducing costs. At peak demand periods, Toyota can subcontract out the assembly of entire cars to its affiliates.

On average the big manufacturers have direct dealings with about 130 subcontractors. Toyota's dependence on outsiders for more than 60 per cent of its parts is considered very high, but 12.5 per cent of all manufacturing companies employing over 1,000 workers depend on subcontractors for more than 30 per cent of what goes into their products.

By using subcontractors heavily, Japanese companies can save on their own capital expenses and operate production schedules much more flexibly, although the lower levels of productivity in small operations have tended to push up prices over the past few years, large companies would find it very difficult to duplicate at lower cost the special equipment and skills of small companies concentrating on a limited range of goods.

The life of a contractor can sometimes be perilous, particularly for those which depend on industries that are cyclical or have become obsolete. This has happened in the shipbuilding and textile industries. Other small industries have virtually disappeared because of competition from other countries with lower wage levels (Christmas lights, toys, etc). The difficulty in improving productivity meant that large numbers of small companies which depended on exports fell victim to the rapid appreciation of the yen two years ago. The peak period of bankruptcies in Japan in 1977 and 1978 in part reflected this vulnerability.

The construction industry, which is heavily dependent on small subcontractors, suffers the highest rates of bankruptcies when the economy turns downward. These companies disappear and reappear almost overnight, particularly when the government changes public works spending plans.

Despite the perils of being a safety net for the economy as a whole, the subcontractor's life is not all that difficult. The rewards of being an independent entrepreneur supplying a large company include the freedom to concentrate solely on manufacturing, and not on sales (Japan's huge trading companies grew large performing the sales function for independent companies.) Large companies normally pay their bills on time, and in many cases can offer technical and engineering assistance which a small company would otherwise be unable to afford. The competence of parts suppliers has become even more important as Japan moves further into high technology industries.

Increasing role

The strength of the subcontracting system has clearly influenced Japan's international economic ties. Foreign parts suppliers find themselves unable to penetrate Japanese markets, particularly in the motor industry, conversely, many Japanese companies are reluctant to locate manufacturing plants overseas because they fear local suppliers cannot match the quality of those in Japan.

It appears that the role of small companies will become increasingly important. This is mostly because employment patterns are changing as large industries continue a process of raising productivity through automation.

Smaller companies, particularly in the fast-expanding service sector, serve as major employers of older men and women. As the Japanese population ages rapidly over the next few decades, the proliferation of small business may provide Japan with a ready-made form of social welfare.

Sector's growth rate outstrips that of manufacturing industry

Services

CHARLES SMITH

JAPAN IS known to the world, and tends to think of itself, as being a manufacturing country par excellence. Therefore it comes as something of a surprise to find that the non-manufacturing (and non-agricultural) sectors of Japan's economy are not only unusually large by international standards, but also growing faster than its manufacturing sector.

According to national income statistics published by the Economic Planning Agency Japan's "tertiary" industries—meaning not only gas and electricity and the central government bureaucracy but also the distribution trades and the service sector proper—accounted for barely 50 per cent of the nation's GNP in 1962 but had raised their share to 58.9 per cent by the end of 1976.

A 59 per cent share of GNP puts Japan's tertiary sector well behind that of the U.S. (which recorded a 65 per cent share in 1976), about on a level with the UK, and substantially ahead of other European countries such as France and West Germany. However, the smallness of Japan's defence sector (accounting for about 1 per cent of GNP) means that Japan's non-military tertiary sector is actually the second largest among major nations (as a ratio of GNP) following that of the U.S.

What is more striking about the role played by Japan's tertiary sector is that it has grown particularly fast since the first oil crisis of 1973, both in terms of its share of the national income and in terms of employment, while the secondary (or manufacturing) sector's share in the economy has declined.

The output of Japan's manufacturing industries as a ratio of national income hit a peak of 38.5 per cent in 1969 but had fallen to 35 per cent three years ago while employment in manufacturing peaked (at 36.7 per cent) in 1973. Tertiary industry, on the other hand, appears to have put on something of a spurt between 1973, when it accounted for 49.9 per cent of employment and 56 per cent of national income, to 1976 when it represented 53 per cent of the labour force and 58.9 per cent of national income.

Taken as a whole the tertiary sector is a mixed bag and many of its elements have little or no relationship to each other. Inevitably this reduces the impact of statements about the sector's overall importance.

But the sector can be broken down further, and it is at this point that the comparisons become more interesting. What emerges at this stage is that "services" recorded one of the most rapid rates of growth within the tertiary sector as a whole, after 1973, increasing their share of employment from 15.7 per cent to 16.9 per cent in 1976 and raising their share of net national product from 14.3 to 15.1 per cent.

Services, in the Japanese context, are still a heterogenous group including such diverse items as hotels, hospitals, barber's shops, theatres, pachinko shops, solicitors' offices, racecourses and news syndicates. What all these and many other "industries," appear to have in common, however, is that demand for them took a sudden jump after the 1973 oil crisis and has yet to level off.

Analysts of the Japanese services sector (who are not yet nearly as numerous or as prestigious as the specialists on the steel or motor industries) have come up with a number of reasons to explain the 1973 watershed between the secondary industry and the service sector. The first point is that consumer markets for many of the most popular Japanese mass production goods were nearing saturation by the time of the first oil crisis, with the result that demand tended to flow away from manufactured goods to services.

The appearance of surplus capacity in the manufacturing sector which resulted from this demand saturation had two other important consequences for services: it released labour, which had been scarce before 1973, and it meant that bank finance which had hitherto been absorbed in the financing of capital investment by industry was now available to back service industry entrepreneurs.

Finally, the analysts note that service industry growth was self-propagating. What is meant by this is that many of the new service workers were women, who accordingly themselves became customers for services (such as restaurants, laundries, etc.) that would relieve them of duties in the home.

Developments from 1974 onwards have continued the post-oil crisis trend, but with two important twists to the story. One is that, from around 1978 onwards, the expansion of the services sector began to rebound back onto manufacturing by creating demand for the types of manufactured goods which the service sector consumes (e.g. equipment of all kinds for the booming restaurant and fast food industries.) The second twist involves a steady diversion of Japanese consumer demand away from traditional basic items (including both services and consumer goods) to more specialised and non-essential items.

Analysts have noted that in the aftermath of the 1973 oil crisis an across-the-board decline took place in Japanese consumer demand, affecting everything from luxuries to basic food and clothing. When the second oil crisis struck in 1979, however, a decline in demand for basic items was offset by faster than ever consumption of high-priced items and luxuries.

Cars, furniture and restaurant meals were among the growth sectors of 1979 but, in 1980, demand for cars has slipped back while increasing numbers of non-essential services have been booming.

There seems no reason to doubt that Japan's service sector will continue to grow fairly fast (compared to manufacturing) and that demand within the service sector will shift gradually towards more sophisticated and capital-intensive services and away from "basic" sectors. This trend could have a number of major implications for the Japanese economy, and for Japan's international economic relations.

The first and more obvious point is that the productivity of Japan's economy may be affected by the shift. Service industries are, by nature, more labour intensive than manufacturing industries and thus represent a less efficient means of producing wealth than secondary industry.

This would be bad news for Japan if the country had not already achieved high levels of per capita income, or if the manufacturing industry were not already extremely productive. As it is, it looks as if continuing rapidly increasing rates of labour productivity in industry will be one means by which Japan will pay for the shift towards a more highly developed service sector.

The second point about Japan's expanding service sector relates to its impact on overseas trading partners. During the late 1960s and throughout the 1970s the growth in demand for simple or basic "mass-produced" services created a boom in Japan for American fast food chains (Macdonald's hamburgers, Colonel Sanders Kentucky Fried Chicken etc) which deserves to be recognised as one of the major foreign economic success stories in Japan since the war.

The next stage in the evolution of the service economy could stimulate a demand for more varied types of services (in the fields of hobbies, sports, culture, etc). If this does turn out to be the case the Japan of the '80s could hold out some interesting opportunities for European service exporters (and investors).

HOW TERTIARY SECTORS HAVE GROWN
(per cent of national income)

	1960	1970	1976
Japan	48.9	54.1	58.9
U.S.	59.0	63.6	64.4
West Germany	42.3	43.8	49.2
France	44.3	49.9	54.8

Source: "Implications of Japan's Emerging Service Economy," published by Keidanren.

Customers pressed to try new goods

Electronics

ALAN FIELD

WITH MARKETS for traditional television and radio products virtually saturated, Japan's manufacturers of consumer electronics have been focusing most of their attention on marketing a wide variety of upgraded and entirely new products. Much of the growth projected for the industry in the decade ahead depends on persuading consumers to purchase still another new generation of products, whose uses and technologies as yet remain a mystery to all but a few of the industry's insiders.

Despite continued recession and inflation, sales of video tape recorders (VTRs) began to take off this year. That product finally established itself as a market staple, surpassing shipments of colour TVs, in value terms, for the first time. Projections foresee continued rapid expansion of sales in the decade ahead. Production of VTRs, which hit a level of 2.2m units last year, will rise to 3.6m this year and 4.8m next year, most of which will be exported. Exports to European markets will grow at a particularly brisk pace. This year will be the first in which exports to European markets exceed those to the U.S.

By the end of 1980, over 6.5 per cent of Japanese households will have VTRs (the highest saturation rate in the world), a figure that is expected to rise to 10 per cent by the end of 1982. Although European saturation rates are behind this (the highest is West Germany with about 3.3 per cent), sales of VTR units in Europe will continue to grow by a projected annual 33 per cent each in Britain, West Germany, and France. By the end of this year, four times as many Britons, three times as many West Germans and over three times as many Frenchmen will own VTRs as did three years ago.

The sudden growth in VTR sales is attributed, by industry executives, to a number of factors. Among them are major refinements in technology: slow motion, stop action, longer running times (of up to six hours), lower prices, the greater availability of software, and the world wide recession itself, which has increased the relative attractiveness of stay-at-home forms of entertainment.

The Japanese makers continue to reap the lion's share of profits from VTR growth. Ninety per cent of VTRs sold in European markets are either VHS or Betamax systems (only 10 per cent produced are in the Philips format). The major Japanese-designed technologies (VHS and Betamax) completely dominate the markets of the U.S. and Japan.

Protectionist

Rather than build their own VTRs, such major European firms as Thorn, Saba, Thomson, Nordmende and Rank continue to purchase their VTRs from OEM (Original Equipment Manufacturer) producers in Japan. Only Philips will dare to introduce yet another technology of its own, this year.

Given the success of the product, however, the Japanese now foresee the possibility of protectionist reaction. To forestall such a development many are considering the production of VTRs in Europe in joint venture with local manufacturers. But, for the moment, the real competition is more the rival Japanese producers anxious to sign up OEM marketers than between the Japanese and their foreign rivals.

Japanese manufacturers have also been working long hours to provide new faces for old products. At home, that means expanded production of televisions equipped with stereophonic and bilingual capability. This year, most domestic models are adaptable for stereo reception.

The number of models equipped with microcomputers (programming channel selection in advance) has also increased. In Europe and the U.S., sales of large-screen televisions have expanded more than any other item. Industry executives attribute that to one of the key factors behind the rise of the VTR: the high cost of travel (including gasoline) which results in greater interest in staying home to watch television.

In the world of audio, producers have stressed other new promotions, with varied results. Sales of audio cassette decks have been stimulated by the ballyhoo accompanying the introduction of metal tape-compatible decks. Yet, because of their continued high cost, relatively few consumers have regularly taken to using the higher-density, expanded frequency metal tapes.

Sales of mini-components—the first miniaturised audio equipment with high quality sound—have enjoyed even greater growth, either in consoles for the beach, the living room or the automobile—where reduced engine noise now makes use of mini-components feasible. Most spectacular of all new products is the Sony Walkman, a miniaturised stereo cassette deck, playable almost anywhere, which has sold over 300,000 units, and spawned a host of imitations.

In the medium term, the fate of the industry rests more on competition in a new arena: the video discs which have recently been introduced by both U.S. and Japanese makers in the U.S. market. The Arthur D. Little Company has estimated that 100,000 such discs will be produced in the U.S. next year.

But the Japanese are proceeding cautiously, for the problems associated with marketing the new video discs directly parallel those which confronted the industry in the early days of the Video Tape Recorder. Most particularly, manufacturers have failed to agree on a standard technological format. With a wide variety of technologies (ranging from stylus to laser) available, the consumer may simply stay on the sidelines in confusion.

Whether the new devices succeed in the U.S. — and are thereafter introduced to Europe and Japan — will ultimately depend, as well, on the quality and price of their supporting software. Since video discs, unlike video tape recorders, cannot record off television air waves, consumers will be entirely dependent upon prerecorded materials (with the exception of industrial and commercial users who can readily afford to have key video tapes processed into discs). If software falls short of expectation, the discs will go the way of the Dodo bird and Quadrophonic.

Amplifier production at the Pioneer factory in Hammatsu. Eighty per cent of the output is exported

Three formats

But in this technology (like the Video Disc, but unlike the VTR) the Japanese are bound to face considerable competition from foreign makers. Earlier this year, three radically different formats for marketing the technology have been presented. It will be the responsibility of the Digital Audio Disc committee (DAD) to decide which of the three makes most technical and commercial sense, when it tests them during the next two or three years.

One such system, the AHD system developed by Japan Victor Corp., is compatible with that company's own video disc system. Yet other alternatives may be preferred, despite their uncompatibility with video disc systems, if they are judged to produce a higher level of audio quality.

Whichever technology is ultimately victorious, one thing seems clear: if the PCM system captures the audience projected for it, Japanese makers will be among the first to benefit from it, and the most competitive producers of hardware over the long-run.

Thus, in the months ahead, each hardware disc maker will be trying to sign up as many software manufacturers as possible. Which firms will be engaged in the manufacturing of video discs, and how much they will spend, have yet to be decided.

At the moment, the betting is that the software makers (largely non-Japanese firms) will be footing most of the bill, as they do in the audio industry. In any case, the industry is determined not to repeat the severe shortage of software which ultimately destroyed Quadrophonic sound.

Beyond the audio disc lies yet another potentially enormous market for a new product everyone is instantly expected to find "necessary": the PCM Digital audio. If all goes well, Japanese makers say, conventional analog technology now used to produce and reproduce music will be completely antiquated within one or two decades and replaced by PCM.

The discs, probably smaller than those now in use, will offer not only vastly improved sound quality, but the great advantage of impregnability to dust. Already audio recordings made through PCM technology — although not reproducible through PCM technology at this point — are drawing great response and sales in the classical record market.

Up-to-date technologies help to counter falling sales and profits

Steel

JOHN FUJII

THE STEEL industry, one of the pillars of Japan's remarkable post-war economic growth, faces diminishing profits and declining sales with relative calm.

To make up for these factors, Japanese steel companies have made advances in new technologies providing process yield improvements and energy conservation. Also, they are offering both funding and technology to developing countries while providing assistance in modernisation to many outmoded facilities.

An executive at Nippon Steel explained that the experience of the 1973-74 oil crisis had prepared them for the recent rising costs and the fall in demand.

He indicated that despite a drop in shipments to the U.S., as a result of the resumption of the Trigger Price Mechanism, that a rebound later this year in the American economy would enable both the U.S. steelmen and the Japanese to raise prices.

The rapid rise in the value of the Japanese yen in terms of the American dollar, which hurts exports, has been equalised by the cheaper costs of imported materials such as iron ore and coal. Japanese steel exports almost balance the cost of imported materials.

The Japanese steel majors, such as Nippon Steel, Nippon Kokan K.K. and Kawasaki Steel Corporation, all reported record sales and current profits for the fiscal year 1979 which ended in March.

However, the steel mills now forecast their current profits will probably be halved in the fiscal year which ends in March, 1981, due to a drop in exports, decline in domestic demand and recent rapid rise in the yen-dollar rate.

In fiscal 1979, domestic shipments of ordinary steel were 16 per cent higher than in the preceding year; largely due to a strong demand from construction, automobile, shipbuilding and machinery sectors.

Exports were actually 4 per cent lower in volume than in the preceding year but the yen value increased. The moderate recovery in U.S. shipments could not offset the decline in exports to the People's Republic of China and troubled Iran.

Exports in fiscal 1980 are also expected to be slow, decreasing about 5 per cent, particularly to China and the U.S.

Domestic demand in fiscal 1980 is also expected to slow, mainly due to production cutbacks by consumer electronics and automobile manufacturers while demand from the public works sector is not likely to generate much demand.

The Japan Iron and Steel Federation reported that in fiscal 1979, orders for 82,708,000 metric tons of steel products were recorded, of which 58,965,000 tons went to the domestic market and 23,743,000 tons to the overseas markets.

But while the short-range outlook is gloomy, the long-range forecasts are brighter.

Forecasts of steel production and consumption made at the recent meeting of the International Iron and Steel Institute gave non-Communist world steel capacity in 1985 at between 660m tons and 715m tons. Steel consumption at the same time was estimated at about 638m tons, thus forestalling any danger of a steel shortage in five years' time.

A Japanese official, Tsutomu Kono, of Nippon Steel, told an OECD symposium that he predicted world crude steel consumption in 1985 at around 900m tons, an increase of about 3 per cent a year. The breakdown given is 445m tons for the industrialised countries and 135m tons for the developing countries plus 320m tons for the Communist world.

Qualified

He qualified his estimates by saying that if world steel demand is stagnant, total consumption could be as low as 850m tons.

He gave total capacity of the Western world as 676m tons—562m tons for the industrialised countries and 114m tons for the developing countries.

One of the reasons that the Japanese steel companies are providing assistance to the developing countries in building new capacity is that it enables the Japanese to expand operations overseas without increasing their own capacities.

Nippon Steel is providing technology, facilities funding and supervision of construction for the Paoshan steel complex near Shanghai. The proposed Chinese facility is expected to have a potential annual output of 6m tons of blister steel. Present Chinese capacity is about 30m tons a year. The target date for start-up of the Paoshan mill is 1982.

Nippon Steel provided technical assistance overseas for the USIMINAS steel works in Brazil and the Malayawata (Malaysia) operation and the Pohang Iron and Steel works in South Korea, among others.

Nippon Steel said it has concluded technical assistance with 87 companies in 35 countries covering every aspect of steelmaking from planning and engineering to plant construction and supervision of operations.

Kawasaki Steel is providing funding, technology and facilities for the Tubaron steel mill in Brazil, a three-way joint project with Italy and Brazil's National Steel Corporation. The integrated mill is scheduled to go on-stream in 1982.

There are numerous other international projects. Nippon Kokan and Kobe Steel are joining with Toyo Menka trading company in forming a joint venture with the Egyptian Government for construction of a direct conversion steel mill with annual production of 600,000 to 800,000 tons of blister steel.

The Australian Government is seeking help from Japan for construction of an integrated steel mill with annual capacity of 10m tons in Western Australia. The Philippines are also working with the Japanese on a feasibility study which could lead to an integrated steel mill on Mindanao with proposed capacity of ½m to 1.5m tons.

Although Japanese steel companies generally welcome approaches made to them since their annual output is not expected to increase by more than 3 to 4 per cent, there is some controversy within the companies regarding these new ventures. The engineering divisions welcome the projects as an opportunity to expand their operations while the steel divisions are concerned that they could develop into future competition.

Already, the China Steel Corporation on Taiwan and the Pohang steel mill in South Korea are providing some competition to Japanese steel both at home and abroad. When the Shanghai mill is completed in 1982, it also could be a future source of export steel. So far, the effect both in Japan and overseas have been minimal. Taiwan and South Korea have been busy supplying their own needs. But export quantities are slowly increasing.

Also of significance is the trend for Japanese steel companies to provide technical assistance to foreign mills, many of them competitors in the international marketplace.

Nippon Steel and Aramco have had preliminary discussions for a wide range of exchange. Projects include possible sale of iron ore by Aramco to Nippon Steel and the development of coal reserves in exchange for Japanese technical assistance in updating Aramco facilities.

Co-operation

Kawasaki Steel said it had received requests from Bethlehem Steel Corporation and Republic Steel Corporation for technical co-operation in increasing productivity by modernising their facilities.

Kawasaki has also signed a contract with Thyssen AG to provide technology involving operational diagnosis and controls for computer-aided blast furnaces which could significantly reduce both use of energy and operating costs.

Japanese industry sources say that capital investments in the steel sector during 1980 will amount to Y594.1bn, down Y46.7bn from 1979. Industry expenditures will be mainly in modernisation of equipment, such as increasing the ratio of continuous casting, energy saving and maintenance and repairs of existing facilities. Expenditures directly or indirectly related to the saving of energy account for more than 50 per cent.

The new U.S. trigger price mechanism has been raised by 12 per cent, but a Kawasaki official said that the step had been anticipated to some extent since it was determined according to cost data supplied by the Japanese.

He cautioned, however, that the addition of the import surge monitoring provision could lead to restrictions of steel trade.

The Japanese said they had been holding back on exports to the U.S. since the previous TPM was discontinued in April of this year.

With the new albeit higher trigger price, the Japanese feel that it could eventually lead to higher export prices. It all depends on the timing of higher prices instituted by American mills, according to a Nippon Steel executive.

In the immediate future, it could cause a decrease in exports but in the long run, it will contribute to the maintenance of order in the international steel market, these sources said.

JAPANESE INDUSTRY V

Microchips: raw material of the 80s

Semi-conductors

CHARLES SMITH

MICROCHIPS, or to give them their proper name, integrated circuits (ICs), are sometimes spoken of in Japan as the basic raw materials industry of the 1980s in much the same way as steel was the basic industry of the 1950s and 1960s. The parallel between a minute silicon wafer engraved with tens of thousands of transistors and a massive piece of metal may sound far fetched, but it is not without point.

Many of the most rapidly developing Japanese industries of today depend on integrated circuits in much the same way as Japan's two major growth industries of a decade ago — ships and cars — depended on ample supplies of cheap and high-quality steel. Because of this dependence IC production in Japan is growing at a far higher rate than industry as a whole and seems destined eventually to emerge as one of the country's major industries.

Japan is also moving up the international league table of IC manufacturers (both in terms of quantity and quality) in much the same way as it established its supremacy as a steel manufacturer a couple of decades ago. It is being encouraged to do so, not only because Japanese industry appears to have an insatiable demand for the product, but also because the IC industry itself is almost perfectly suited to the requirements of Japan's current economic situation.

Integrated circuits are "knowledge intensive" products requiring a high input of research and expenditure and of capital investment but using relatively small amounts of materials and energy. They can be manufactured in out-of-the-way places where land is cheap (a major point in over-crowded Japan), unlike the traditional heavy industries which are land—as well energy and materials—intensive.

Despite the fact that Japan is today placing maximum stress on the development of its IC industry, and despite growing American concern about the Japanese challenge in this area, the Japanese were late starters in IC manufacture. Japan woke up to the existence of the integrated circuit when Texas Instruments (then, as now, the world's largest manufacturer) proposed to build an IC plant in Japan in 1968.

Joint venture

TI was allowed into the country on condition that it set up a joint venture (with Sony) and agreed to limit the growth rate of its Japanese production while simultaneously opening patents to Japanese manufacturers. These conditions, combined with a series of restraints on IC imports that were not completely liberalised until 1974, set the scene for the emergence of an indigenous Japanese industry which now ranks second only to the U.S. in volume of output.

Japan's leading IC manufacturers are diversified electronics producers for whom integrated circuits are only a part of their business—and not by far the greater part as is the case with the majority of U.S. producers. The top Japanese manufacturer, Nippon Electric Corporation (NEC), began life as a telecommunications specialist and now relies on ICs for about 20 per cent of its turnover, although even this is enough to place NEC second after TI in the world production league table. Other major producers include Hitachi and Toshiba, the two leading heavy electrical companies in Japan, and Fujitsu, the top Japanese computer manufacturers.

A second category of Japanese IC producers consists of specialised makers of equipment who make ICs only for their own use. This group includes companies such as Seiko Watch, Nippon Gakki and Ricoh (a specialist in office copies and facsimile machines). In-house manufacturers of this type are said to have started producing some of their own chips because of the critical extent to which the quality and competitivity of their products now depend on ICs. To leave the manufacture of this crucial component entirely to outside suppliers would apparently be to risk either an inferior design or, worse, to invite the IC manufacturers to move into the manufacture of the finished product.

Whatever the reasons for Japan's success in IC manufacture, production and trade statistics reveal that Japanese industry has been steadily gaining ground on its U.S. rival, although in terms of sheer size it is still nowhere ready to overtake. In 1977 U.S. IC producers accounted for 62 per cent of the world market while Japan held a 24 per cent share and Europe accounted for 14 per cent. One year later the U.S. and European shares had slipped to 57 and 13 per cent respectively while Japanese IC manufacturers had upped their stake in the industry to 30 per cent.

Japan remains a large importer of ICs, especially from the U.S. with American-made products accounting for an estimated 20 per cent of total domestic consumption in the first nine months of 1979. But Japanese exports—again mainly to the U.S.—have recently been growing even faster than imports. The IC industry recorded an approximate balance on its global trade in 1979 for the first time in history (even though the strength of domestic Japanese demand in that year resulted in an actual increase in the share of imports in Japan's domestic consumption).

JAPANESE INTEGRATED CIRCUIT PRODUCTION

	1974	1975	1976	1977	1978	1979
Yen bn	126	118	197	208	281	375
m units	340	330	667	828	1,176	1,750

Source: Ministry of International Trade and Industry.

During the first half of 1980 preliminary estimates suggest that Japan pulled even on its bilateral IC trade with the U.S. The significance of this achievement may seem somewhat less when the huge size of the U.S. IC market is taken into account and when one notes the small size of the Japanese share of that market (only 5 per cent in 1979). But American analysts point out that Japan accounts for about one-third of the supply of 16 k-bit ram chips bought by U.S. consumers: in other words Japan is dominant in the top end of the market where demand is currently expanding most rapidly.

Japan's success in the U.S. market, and the almost predictably protectionist reactions to this success of some American IC manufacturers, would seem to constitute the main reason for the decision of five top IC manufacturers (NEC, Hitachi, Toshiba, Fujitsu and Oki Electric) to acquire or establish production facilities on U.S. territory in the past two or three years. In Europe, where Japanese ICs are still comparatively little known (and where the U.S. industry already maintains a sizeable manufacturing presence) the same strategy seems to have been adopted, although implementation still has some way to go.

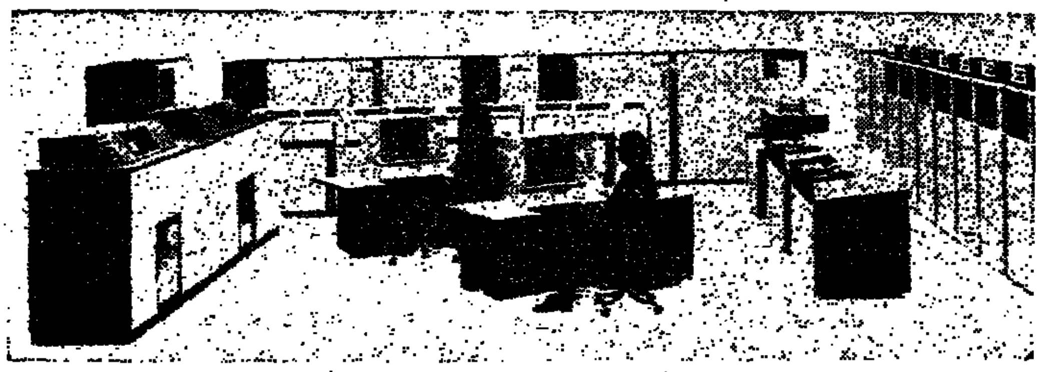
But Europe and the U.S. apart, Japanese IC makers seem firmly committed to basing their production in Japan. Japan has not followed the example of the U.S. in establishing assembly operations in developing countries and appears to have no intention of taking this route towards cutting production costs. Instead, Japanese industry has chosen to stay at home, relying on the quality and efficiency of Japanese labour and increasing automation to keep abreast with the competition.

Source of strength

Rightly or wrongly, Japanese analysts claim that the structure of the Japanese IC industry has proved to be a source of strength when compared with that of the more specialised U.S semiconductor industry. Major electronics companies such as NEC were able to run "money eating" IC divisions during the years of heavy R and D and capital expenditure which preceded profitability in the manufacture of ICs. Big diversified American electrical companies, such as GE, could have done the same but appear to have decided not to.

Japanese analysts put this difference down to the fact that U.S. companies are heavily influenced by short-term profit considerations (because of their dependence on equity capital). Japanese companies, on the other hand, are ready to bear heavy losses stretching over several years as the price for gaining a stake in a market considered to have long-range development potential.

In terms of size Japan's IC industry still ranks as one of Japan's medium-sized industrial sectors but, with annual sales and production growing in the past couple of years at rates of between 35 and 45 per cent, this may not be the case for much longer. In terms of sheer technological sophistication Japan has not yet established an overall lead in all types of IC technology, and may quite possibly never do so, but its stress on the production of IC memories has yielded results that are already proving hard to match in other countries.



Fujitsu's Facom M-180II computer. Semi-conductor technology keeps down the overall size

Company warms up for an assault on the West

Computers

HAMISH McDONALD

THE SNIDE remarks about the Japanese computer industry and its protective cocoon woven by the Ministry of International Trade and Industry are not heard so much among American and European competitors these days. The Japanese market, although some problem areas remain, has been thrown open to the point where, as one senior American computer executive in Japan describes it, it is "among the most free markets for computers in the world."

In straight competition in Third World countries over the last year, the biggest Japanese manufacturer Fujitsu Ltd., has beaten the U.S. giant, IBM, for two large-scale systems and a host of smaller applications. "We are dealing with a mature rival now," said one IBM marketing specialist.

Those two orders for Fujitsu's big M-200 system were confidence-shattering. One came from Brazil's Banco Brasileiro de Descontes S.A. and the other from the Australian Government's statistics bureau. The predominant feeling in the industry is that Fujitsu's pouring of resources into these two medium-sized markets is just a warm-up for the big assault later this decade on North America and Western Europe.

A long way

Japan's computer industry has come a long way since MITI decided around 1960 that it would be a strategic road to industrial dominance. How the Ministry encouraged the industry followed the classic steps that have given success in other fields, such as steel and cars.

First came the period of severe protection of the domestic market, research and development in government laboratories, purchase of patents from abroad and financial backing. The industry grew behind this fence until, around 1975, it was deemed by MITI to be ready for the world market. Only then did the protective barriers begin to be lowered. That process is still continuing: tariffs for mainframes, now 9.8 per cent, will fall to 4.9 per cent by 1987, for peripherals from the present 16.1 per cent to 6 per cent and for integrated circuits from the present 10.1 per cent to 4.2 per cent.

In 1972 the six main Japanese computer makers were grouped into three (Fujitsu with Hitachi, Nippon Electric with Toshiba, and Mitsubishi with Oki), again by "administrative guidance" from MITI, for a five-year plan to produce rivals for the so-called "3.5 generation" machine, equivalent to IBM's 370 series.

From 1976 the industry was pushed off into a new programme, backed by Y29bn ($138m) in subsidies over four years to produce the fourth generation computer based on very large-scale integrated circuits (VLSI). A second programme, with subsidies of Y23.5bn ($112m) over five years, is intended to produce operating systems for the new breed.

According to one U.S. computer man in Tokyo: "The Japanese now have competitive, or even slightly better hardware than us. Two months after we announced the 64K memory, Nippon Electric followed up and said they had it too. Within six months all the other main companies here had said they had 64K memories."

Getting the hardware on to the market has presented some problems. Where IBM is now bringing in its fourth-generation 4300 model, the Japanese equivalent will not appear until 1983, according to MITI officials.

The U.S. companies are taking little comfort in that: they now admit that hardware is not the main battleground. "The industry world wide is seeing more acknowledgment of the importance of software," said one American executive. "We are definitely leading but they are trying very hard to catch up, which they will unless we make a very big effort. Without a doubt this is now the most competitive market-place in the world."

The Japanese do not dispute their disadvantage in software. A paper published by MITI's Machinery and Information Industries Bureau in August puts the lag behind the U.S. software industry at five to 10 years.

The recent successes of Fujitsu and other Japanese makers still gives the Japanese industry only 5.6 per cent of world computer sales, according to the MITI paper, as opposed to IBM's 58.4 per cent share. But the trend is for strong growth, both in Japan and in the Western Pacific region. In the fiscal year to March, 1980, Fujitsu saw its computer sales rise 7.8 per cent to Y326.8bn ($1,556m) while IBM Japan in the calendar year 1979 sold 2.8 per cent more with Y324.2bn ($1,543m).

Much was made here of Fujitsu overhauling IBM Japan for the first time, although it must be remembered that other IBM subsidiaries cover markets included in the Fujitsu figure, and IBM's business is based almost entirely on leasing and rentals rather than on outright sales.

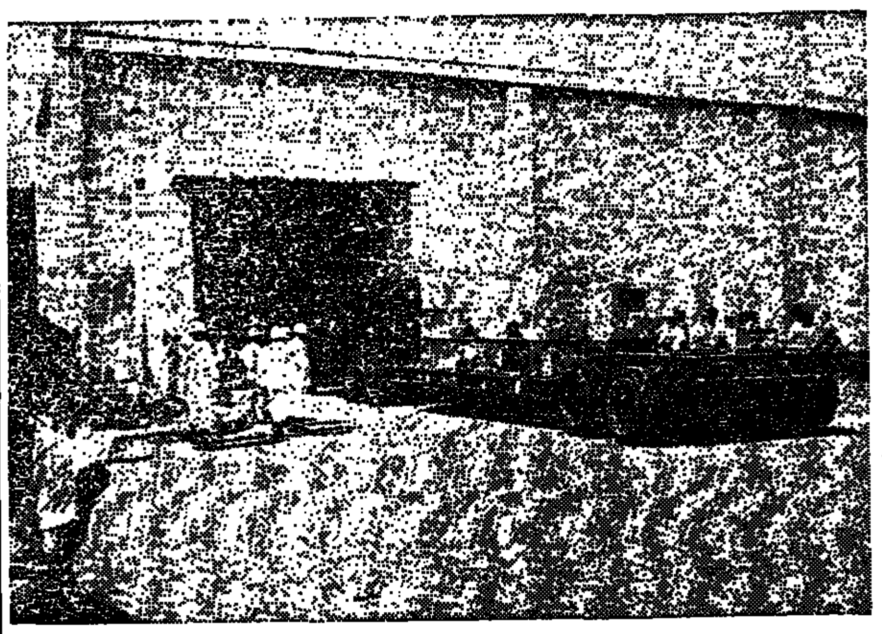
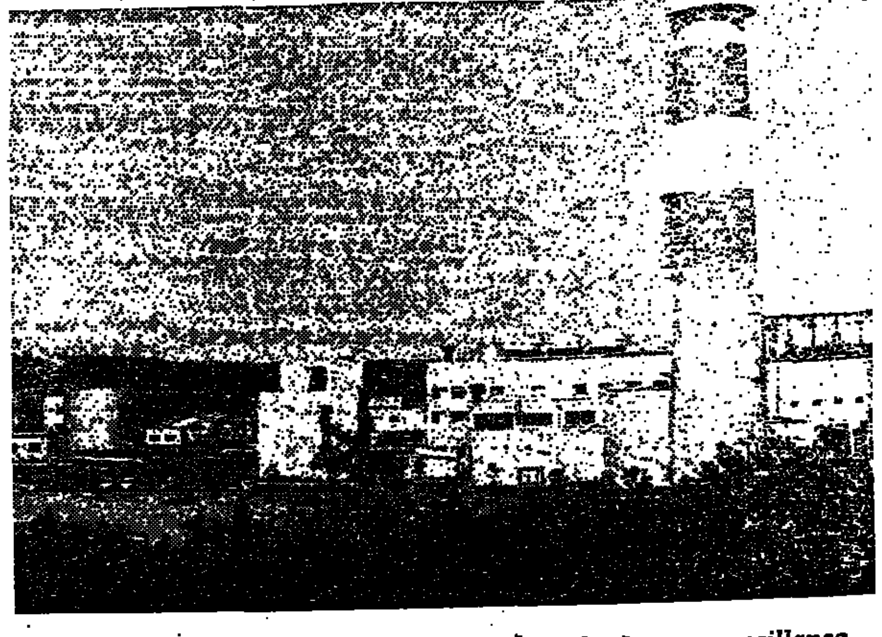
Leasing venture

For Japanese companies, the finance burden of leasing has been carried by one of the Japanese institutions that so enrage Western competitors. The six Japanese makers run a joint computer leasing venture, Japan Electronic Computer Company, to buy machines outright and with soft credit from the Government's development bank, lease them out to users.

IBM, with its huge internal resources, is not so put out by this as might be expected. An unspoken buy-Japanese policy has operated in Government areas, but it has won big orders from diverse Japanese institutions including the big "city banks" and national daily newspapers such as Nihon Keizai Shimbun and Asahi Shimbun.

Like other foreign computer companies, it has a lot turning on the outcome of the U.S. Government's attempt to force open bidding for the vast telecommunications market of the internal monopoly, Nippon Telephone and Telegraph.

With the short- and medium-term battles likely to be in such software areas as word-processing involving kanji (Chinese ideogram) character-recognition, MITI has turned its sights on the vague outlines of the superfast fifth-generation computer. MITI's data-processing committee recently set up what it calls a "vision subcommittee" to begin marshalling thoughts on the future role and architecture of computers, trends in software, and application of new technologies such as very low temperature superconductivity.

The nuclear fuel reprocessing plant at Tokaimura. Spent fuel from nuclear power stations is brought to the site under heavy surveillance

Public mistrust delays plans for rapid power generation growth

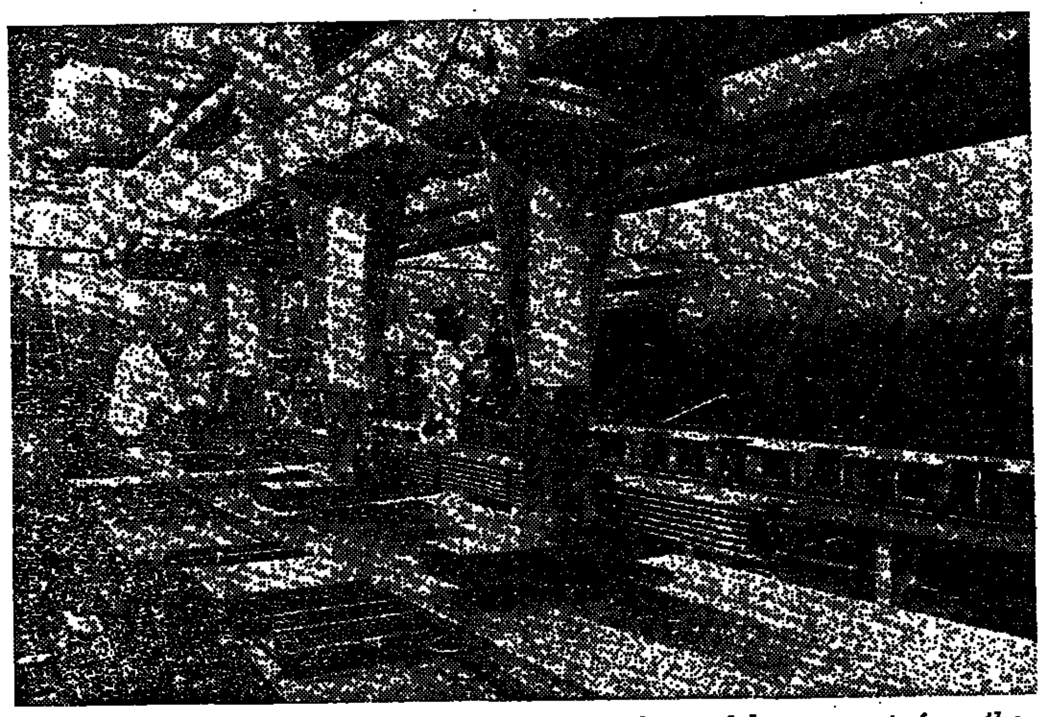
Nuclear Industry

CHARLES SMITH

JAPAN'S NUCLEAR industry is one of the youngest but also one of the most rapidly advancing in the non-communist world. Starting almost from scratch in the late 1960s the industry has progressed to the point where it is technologically a match—if not more than a match—for competitors in the U.S. and Western Europe and where new ideas are emerging at a remarkable rate.

Japan has moved fast into nuclear power because it had to (the country's heavy dependance on imported oil calls for rapid diversification of energy sources) and because its industrial structure and accumulated experience in conventional power generation provided a good launching pad. But the industry has an Achilles heel which could yet prove fatal. *Environmental obstacles to the* siting of nuclear power stations have proved especially severe in Japan because of population density and the famed "nuclear allergy" which Japan acquired as a result of having been the only nation in the world to experience atomic bombing (at the end of World War II).

In 1973. when the first oil crisis struck Japan's installed nuclear power generating capacity was a mere 2m kW or less than 4 per cent of the nation's total power generating capacity. The nuclear power development programme which the Government was attempting to follow at that time called for a massive increase in capacity—to about 60m kW—by 1985 and for still more rapid progress after that date. Actual progress has been far more modest, largely because of the problems which electric power utilities have encountered in winning public acceptance for the building of nuclear power stations.



Technicians at Tokaimura concentrate on recovering useful components from the spent fuel

Doubtful

Installed nuclear capacity at the end of 1979 was about 15m kW (roughly 12 per cent of total generating capacity) and can safely be expected to reach 25m kW by 1985. Beyond that time the prospects are doubtful, depending as they do almost entirely on political and psychological factors. Almost no one. however, expects that the official Ministry of International Trade and Industry (MITI) target of doubling generating capacity in the five years to 1990 can be realised.

A more likely figure (suggested by a reputable private forecasting agency) is that Japan might have about 35m kW of nuclear generating capacity by the end of the decade, with nuclear power accounting, very roughly, for some 25 per cent of total generating capacity. If the 35m kW target turns out to be near enough accurate, the annual rate of reactor installation at the end of the decade may *show some increase over the* rate of activity of the past few years. But the heavy electrical companies that have sunk billions of yen into the production of reactors and related equipment may still be hard put to justify their investments.

Overall annual production by the nuclear power industry today (according to estimates by the Japan Atomic Industrial Forum) is probably somewhere in excess of Y600bn—about Y100bn more than the turnover of the machine tool industry but perhaps 10 times the value of the nuclear industry's output at the start of the 1970s. The figure of Y600bn includes everything from peripheral equipment such as computers and software to construction costs. The structure for one reactor, according to an estimate by *Daiwa Securities, costs about* Y20bn or roughly the same as the cost of a very tall building.

But the core of the industry can be considered to be the three main heavy electrical and heavy engineering companies which hold licences from America's General Electric (GE) and Westinghouse for the manufacture of light water reactors. The companies concerned are Mitsubishi Heavy Industries (MHT). licensed by Westinghouse to build the Pressurised Water Reactor (PWR) and Toshiba and Hitachi which hold identical licences from General Electric for the Boiling Water Reactor (BWR).

Japanese-made

The agreements under which these companies operate their nuclear divisions were signed in *1967 and 1968 and at first pro*vided a basis for Japanese manufacturers to act as subcontractors for power stations built in Japan by U.S. "lead" contractors. From about 1973 onwards, however, Japan's nine electric power utilities began awarding contracts direct to Japanese principals, and since that time more and more of the necessary parts and components have been made in Japan.

Hitachi's Shimane reactor, built in 1974 and the first to be contracted directly to its nuclear engineering division instead of sub-contracted via GE. was approximately 94 per cent Japanese domestic origin. Today the company reckons to procure 98 per cent of its components in Japan, with economies of scale accounting for the import of a few highly specialised parts (such as zirconium tubes) from American suppliers.

The shift towards greater self-sufficiency in the Japanese nuclear industry has been accompanied by a rapid closing of the technology gap that once existed vis-a-vis the U.S. One reason why the Japanese have caught up quickly appears to have been *that* light water reactor technology supplied by GE and Westinghouse was still immature when MHI, Hitachi and Toshiba began acquiring it in the late sixties. A second factor seems to have been the stringency of Japanese quality control and safety regulations, which forced higher operating standards on Japanese manufacturers while frequently lowering operating levels at power stations. MHI officials today say that Japan is definitely ahead of the U.S. in the quality and reliability of its nuclear components, although Westinghouse and GE probably retain their lead in systems design. Toshiba executives say that Japanese safety regulations have led to a much greater emphasis on the development of automatic, remote control, handling equip*ment than in the U.S.* Toshiba makes an automatic fuel changing machine designed to cut down radiation risks for which GE has not yet "felt the need" given the looser U.S. regulations on radiation emission. Design of nuclear equipment to withstand earthquakes is another area in which Japan has, understandably, become pre-eminent.

A peculiarity of Japan's nuclear engineering industry which has helped to spur technical development is the heavy emphasis on BWRs at the expence of the more generally popular PWR system. Tokyo Electric Power Company (TEPCO), the world's largest private enterprise power company, committed itself early on to the BWR system and shows no signs of changing although supporters of the PWR claim that this is now largely a matter of "face."

Rather than abandon the BWR and fall into line with the world - wide trend towards standardisation of the PWR system, Tokyo Electric took the lead a year or two ago, in forming a joint study group for the development of an advanced BWR. Members of the group include Hitachi, Toshiba and ASEA of Sweden, besides *General Electric itself.* The study group may take time to produce results but its efforts, for the time being at least, appear to be more closely coordinated than those being carried out by the much more numerous manufacturers of PWR reactors.

Japan's rapid progress in developing nuclear technology and in acquiring a large-scale and efficient production capacity for reactors and other equipment has not yet led to exports —at least not of complete nuclear plants. The nuclear power industry exported an estimated Y14bn of components in 1979, according to a MITI estimate. But Japanese companies have seldom taken part in international tenders for reactors and on the rare occasions when they have done so have found themselves under*priced* by European or U.S. competition.

Three reasons, apart from prices, are cited today for the industry's failure to export. The first is that, for various technical and political reasons, Japan finds it hard to guarantee a supply of enriched uranium *as part of a contract* for the supply of a power station. The second point is that licensing agreements with GE and Westinghouse make Japan "effectively subject" to American policy on overseas sales (although the contracts do not actually forbid exports, even to the U.S. itself).

Reluctance

The final factor which has prevented the industry from launching an export drive seems to have been Government reluctance to encourage such a drive. This, however, is now changing and could even be replaced by active Government encouragement of exports judging by the official requests which major reactor manufacturers have received to submit reports on the obstacles to exporting.

The big three reactor manufacturers make no secret of the fact that they would like to start exporting, given the right political conditions and the opportunity to turn at least a minimal profit in overseas markets. One reason for doing so would be to free the industry from its dependence on the rate at which the Japanese public can be persuaded to approve the construction of new power stations at home. Foreign markets, however, are not expected to be a bonanza, given what are regarded as zero growth prospects for the time being in the U.S. (formerly the world's largest market) and the "hunger" of European countries such as France and West Germany for contracts in the Third World.

Apart from finding ways to improve, and earn more money from the current generation of light water reactors, Japan's nuclear equipment manufacturers are deeply involved with the Japanese Government in the development of advanced reactors. The main thrust of the Government programme is towards the development of a commercially viable Fast Breeder Reactor (FBR) by the second half of the 1990s while a second prong involves work on a plutonium-burning Advanced Thermal Reactor (ATR).

Hitachi, Teshiba and MHI. which are normally at each other's throats to win contracts for conventional light water reactors, have been induced to join a fourth company, Fuji Electric, in forming a joint venture to support the Government's FBR programme (although it appears that competition will resurface among the four in some form or other when the FBR is commercialised). The ATR has come to be regarded as of special interest to Hitachi following Hitachi's (*initially reluctant*) assumption of leadership in building the prototype Fugen reactor.

Hitachi's competitors in the light water reactor field are doubtful about the ATR's chances of playing an interim role in the Japanese power generating industry before the emergence of the FBR reactor. What appears more likely, given *the reluctance of the utilities* to adopt ATR, is that light water reactors will remain standard in Japan until the late 1990s or beyond. By that time—if nuclear power has not been outlawed altogether by public opinion—Japan can be expected to have emerged as one of the world's leading exporters of conventional nuclear equipment.

Softly, softly approach in the aftermath of the YS-11

Aircraft Industry

RICHARD HANSON

COMPARED WITH other new industries, the *pace of Japan's* advance into aircraft appears to be almost leisurely. "We plan on about one major project a decade," says the Ministry of International Trade and Industry (MITI) man in charge *of mapping out the industry's* future.

The caution is partly due to the costly failure of Japan's first major attempt to rejoin the international aircraft industry in the 1960s with a medium-*size craft known* as the YS-11. The Government set up a company in 1957 to produce the YS-11, but finally gave up in 1972, having built 182 of them and accumulated debts of Y36bn ($171m). The YS-11 was considered a good aircraft, but they were not in enough demand to bring down production costs.

The main reason for the slow pace, however, appears to be simply that Japan, though technically competent, has yet to develop the capability to carry out a huge commercial aircraft project on its own.

Upgrade

The strategy since the YS-11 has shifted. Japan is now seeking to upgrade its aircraft industry through co-operation with the established international giants. Two projects have already been launched, and a third is just beginning to take shape.

Japan has taken a 15 per cent share in the development and production of the new Boeing 767 (known in Japan as the YX), in which Italy *also* has a 15 per cent stake. Three Japanese heavy machinery makers have begun development with Rolls-Royce of a jet engine which MITI hopes can be used on a new generation of commercial aircraft dubbed the YXX project.

The Japanese aircraft industry had been formidable during World War Two, Mitsubishi Heavy Industries turned *out 18,000 aircraft and 52,000* aero engines by the end of the war, including the famous Zero fighter (Mitsubishi named it the Zero because both the army and navy adopted the fighter in year 2,600 in the traditional Japanese calendar 1940), a figure which has two zeros). After the War the U.S. occupation banned all aircraft production. The industry was not re-established until 1952, before which Japan had to be content with a small aircraft repair industry serving the U.S. military.

Japanese companies finally began producing military jets under licence in the 1950s. Mitsubishi, still the dominant company in the Japanese industry, followed with a very successful small turbo prop business aircraft in 1963. The doomed YS-11 rolled off the assembly lines at just about the same time, produced by Mitsubishi and others.

At present 80 to 90 per cent of Japan's aircraft industry business is military. Japan's ban has sharply limited the amount *of this type of business. The* Japanese industry as a whole employs only 25,000 workers compared with 214,000 in the UK and 660,000 in the U.S. Aircraft division sales at the three biggest companies—Mitsu*bishi, Kawasaki* Heavy Industries and Fuji Heavy Industry—are only 7.2 per cent, 11 per cent and 5 per cent, respectively, of total company sales.

The fact that aircraft are relatively unimportant products for even the biggest of the companies involved is a major problem for the Government which sees aircraft as a very important industry Japan must somehow foster. The private sector losses suffered on the YS-11 project still serve as a bitter reminder of how risky the commercial aircraft business can be.

Despite the obstacles involved, MITI is convinced that Japan must continue, *even if the pace* is slow. This is mostly because Japan is the second largest market for aircraft in the world. (Japan Air Lines, the flag carrier, claims to be the U.S.'s biggest single corporate customer with its all U.S.-made fleet.) At some time, most likely in the next century, Japan would like to be able to make its own aircraft. A more detailed look at how Japan is going about this reveals why the process is going to be slow.

The YX project (the Boeing 767 which goes into service in 1982), was conceived in Japan in the early 1970s *as a successor* to the YS-11. MITI decided, however, that this time the government should not be directly involved in the manufacturing side. It held a majority share in the company which produced the YS-11.

Japan learned two things from the YS-11. First, that it could indeed build airplanes, and, second, that it had little idea of how to market a major commercial aircraft. It should be remembered *that of the 14 or* so major commercial jet systems developed since World War II, only about four have been very successful.

Co-operation

Having been burned once, MITI hit on the idea of co-operating with outsiders at just about the same time that Boeing, toying with the idea of the 767, was in serious financial trouble, with *two-thirds of its* employees out of work. Boeing welcomed the idea of sharing the financial risk involved in developing a new craft. Having Japan as a partner, they correctly assumed, would also make *the chances of selling the air*craft in Japan that much better. (All Nippon Airways (ANA) looks to buying 40 767s, compared with 288 firm orders or options worldwide.)

On the Japanese side, Mitsubishi, Kawasaka and Fuji are building parts of the fuselage and wing as their share of the deal. MITI has extended about Y15bn in interest-free loans to cover about one-third of the development costs. The success of the project means that the companies will begin paying back the loans next year.

The 767 project, though an important step forward for Japan, is still basically a non-*Japanese undertaking, the* Japanese are hoping to "milk" as much of Boeing's technology and marketing experience as possible to prepare for the next more difficult leap to the YXX.

The YXX project envisions an aircraft carrying between 130-150 passengers for introduction in the late 1980s. (The 767 carries over 200 passengers.) At the moment, there appear to be three possibilities, all involving European or U.S. partners. Fokker so far has been the most enthusiastic, with a proposal that would include the Japanese and Boeing. Airbus Industries *is working on a second plan,* while Boeing is very carefully watching the way a market might develop for such an aircraft before outlining any concrete proposals.

For Japan, YXX only makes sense if it can use the jet engine, called the RJ-500, it is trying to develop with Rolls-Royce (Ishikawajima-Harima Heavy Industries, Mitsubishi and Kawasaki are the Japanese partners). The engine is expected to be ready by 1986 (or earlier if Boeing decides to build a modified 737, which could possibly use the type of engine being planned). MITI considers this project so important that it is having to reduce support for other projects to scrape up the Y35bn it has pledged to subsidise the development.

Japan will certainly learn a great deal from the aircraft *projects now under* way *and on* the drawing boards. There are few technical barriers in building aircraft which Japan cannot overcome eventually. Japanese aircraft people like to boast that the high quality of work*manship in Japan actually* would enable them to build better aircraft than the Americans or Europeans.

Mitsubishi is building, under licence, the most sophisticated U.S. *fighter* planes, and it is introducing a highly rated jet-powered business aircraft. Ironically, the only serious market for such business planes is the U.S. Most of the sensitive components, including the engines, are U.S. built. This reflects the crucial problem of developing a "reputation" in the aircraft industry, for in the field of components, rather than just technical competence, Japan is still far behind.

Judging from the long-term commitment being made by the Government to the aircraft industry, Japan will no doubt play an increasingly larger role in developing and building the jet aircraft of the future. That both the government and private industry appear content with a very slow ascent into this turbulent industry, is perhaps an indication they plan on getting it right this time.

Robot revolution leaves Western countries behind

Robots

CHARLES SMITH

JAPAN APPEARS to have stolen a decisive march over most Western countries in the use of industrial robots — machines that can move with the flexibility of the human hand or arm and that are capable of taking over at least some of the functions performed by humans in manufacturing processes.

As of March 1979 (according to figures published at a recent *international symposium) there* were roughly 14,000 sets of robots in Japan (excluding manually-operated manipulators) compared with around 3,250 in the U.S. and 850 in West Germany.

This fact, coupled with an annual growth rate of about 35 per cent in domestic robot sales, makes it appear that Japan's robot industry is at or near the stage of take-off while, for most people in the West, robots remain closer to the realms of science fiction.

Japanese companies started to experiment with industrial robots in the mid 1960s, but began to achieve practical *results only after the* 1973 oil crisis, when it was realised that specialised, rather than general purpose, robots would be more likely to find a place in industry.

The industry today consists of about 40 companies, nearly *all of them involved in other* fields, ranging from heavy machinery and electrical goods to machine tools. A portion of its technology was originally imported — the outstanding example being Kawasaki Heavy Industry's licence to manufacture the Unimate spot welding robot designed by Unimation of the U.S.

However, an increasing number of Japanese companies are developing their own technology with results that may soon show up in the form of exports (of know-how or of actual robots) to the industrial West.

The main area of activity for robots in Japan is the motor industry (accounting for about 35 per cent of total population to date) but "robotisation" is spreading also into the electrical and metal working industries and into synthetic moulding (where robots can achieve higher standards of accuracy and consistency than human workers).

By application, spot welding robots (for motor assembly) lead the field, but the more sophisticated arc welding and moulding robots are regarded as growth sectors that will eventually overtake spot welders.

Robots range in sophistication from the relatively simple "fixed sequential" type (where the hand or arm is controlled by a programme which cannot easily be changed) to the highly spohisticated "intelligent" robot *that can* "hear," "feel" and "see" and adjust its actions accordingly.

In between (and at present constituting the largest sector of the robot population) are playback or teaching robots that can be guided through a series of operations by a human operator and afterwards perform the same operations for themselves.

Danger

The advantages of "*robotisation*" in Japanese industry are claimed to include the ability to perform dangerous or unpleasant jobs (such as welding) that human workers are usually glad to be relieved from: *superior accuracy or reliability* in certain functions; the fact that robots can work round the clock while human workers *may* prefer single daytime shifts: and (in future) their ability to relieve humans of repetitive or *monotonous* occupations such as production line assembly work.

Japanese employers, like Western employers, are well aware of the main objective to robots—that they displace human workers from their jobs *and create* unemployment.

But the "robotisation" of Japanese industry has so far been carried through without causing serious frictions over the employment issue. This is because managements have concentrated *on the theme of* using robots to take over dangerous jobs.

Japan's life-time employment system, according to which employees of major companies are guaranteed against dismissal even if the jobs which they were originally hired to do cease to exist, has also helped to ensure against union opposition to the introduction of robots.

A final point in Japan's favour has been the absence of craft unions, and a corresponding readiness of workers to adjust their activities to changes in technology if and when managers ask for such adjustments.

The adoption of robots, particularly by medium-sized companies, has been quietly encouraged by the Ministry of International Trade and *Industry which, this year, insti*tuted both a leasing system and a special depreciation system (for robots with an important computer element) to ease initial investments costs.

MITI, however, thinks that the growing use of robots in Japan has been mainly a natural process to which it has given a very gentle push.

Robot prices which range up to Y20m per set, according to the sophistication of the model, have begun to come down in the last two years as demand has risen—indicating that the industry may be starting to enjoy its first economies of scale

The rapid advance of robots on Japan's industrial scene has *not reached the point where the* robot industry itself is large in relation to other sectors of industry.

Sales of robots in 1980 are expected (by the Ministry of International Trade and Industry) *to be worth about Y60bn,* or roughly one-tenth of machine tool sales. But the industry is expected to have a turnover of some Y290bn by 1985 and of Y400bn by the end of the decade.

Long before it reaches that level, Japan is expected to have emerged as major robot exporter—in contrast with the current situation in which exports account for a mere 3 per cent of turnover.

Companies which figure prominently in the robot industry at present (apart from Kawasaki Heavy Industries with *its more than 1,000 sales of spot* welders to the Japanese motor industry) include Hitachi, which has developed original and advanced technology in the field of intelligent arc welders but is now moving also into the "middle brow" field of playback welders; Mitsubishi Heavy Industries (active in spot welders and a major challenger in this field to Kawasaki). Yasukawa Electric and Shin Meiwa (both strong in arc welders) and Fujitsu Fanuc (a pioneer in the specialised field of C-controlled robots.

The profits being earned by *many of these and other com*panies from the development robots have almost certainly been modest. But Japanese companies are accustomed to taking a long view when embarking on development programmes that involve new markets and high technology and most of the heavyweights in the industry seem certain that they will handsomely recoup their investments in future.

The lesson of Japan's robot revolution for the West would seem to be that Japanese industry, partly because of basic structural and institutional differences, has been quicker to seize on an important new phase of industrial automation than the majority of Western countries (even though the earliest work on the development of robots was carried out in Europe and America).

Japan will reap the benefits of this in a series of long range improvements to the quality and cost effectiveness of its industry, many of which may as yet be only starting to become visible.

Western countries may also be able to reap such benefits. But their first step towards *doing so now seems almost* certain to involve importing robots from Japan.

INDUSTRIAL ROBOTS IN USE - (March 1979)

Japan	14,000
U.S.	3,255
West Germany	350
Italy	800
UK	185
Sweden	600
Norway	170
Finland	110

Robot is defined as excluding manual manipulators.

Source:
International Symposium on Industrial Robots.

Pressure for more overseas plants

Motor Industry

ALAN FIELD

THE LONG-RANGE strategy of Japan's motor industry is reaping enormous benefits this year. But that success has brought a host of new problems, and nagging fears that the good times won't last long.

Japanese passenger vehicles are now the most eagerly sought after product ever made in Japan. Consumers in the United States and Western Europe have been buying them eagerly, while America's producers have been shrieking for protectionist measures to stop the onslaught.

Japan's share of the American motor market, in which a 10 per cent foreign share was traditionally thought the acceptable limit reached 25 per cent during the summer. At the same time, Japanese products captured 18 per cent of the British market and over 12 per cent in West Germany — both figures sharply up from previous years.

Several factors are responsible for the upsurge. First, they reflect a downturn in the value of the Japanese yen last spring, which made Japanese cars cheaper overseas. A second reason was the sudden change in taste, particularly in the U.S., away from large cars and towards high-quality, fuel-efficient compacts.

But the most significant factor was the recognition that Japanese motor vehicles set the highest standard in the world for both reliability and fuel efficiency. Japanese blue-collar workers supply as much effort as any in the business while white-collar staff overheads are comparatively light; and wage levels, while the same as in Europe, lag behind those in the U.S. And, significantly, vast expenditures for capital equipment have provided Japanese assembly lines with the highest standard of automation.

But how long can Japan's lead last? The American Administration has so far resisted pressure on the part of both the United Auto Workers and Detroit manufacturers to impose protectionist limits on Japanese imports. Both U.S. labour and management have called for at least a temporary "restraint" in the flow of Japanese vehicles into America. Charging that the flow from Japan is directly responsible for the high level of unemployment among American car workers, they ask for a period of restraint until the U.S. producers are back on their feet.

Japanese makers have retorted that market factors will soon redress much of the imbalance. As the prices of Japanese cars rise—in reaction to the recent recovery of the yen—and Detroit manufacturers produce a new generation of fuel-efficiency, high-quality vehicles, Japan's share of the U.S. market is supposed to come tumbling down. In short, say Japan's producers, restraint will be unnecessary.

Sales of Japanese vehicles in the U.S. have showed a slight decline this autumn. But industry analysts do not believe that any big improvement in the condition of Detroit's deficit-ridden car makers is likely to emerge in the near future.

For one thing, it remains to be seen if American producers will be able to shed their reputation for producing shoddy merchandise. And in the first year or two, Detroit will not be producing enough vehicles to recapture a significant share of the market they have lost to the Japanese.

Analysts in Tokyo estimate it will take at least two or three years to fully revitalise the American motor industry, since massive investments (in total, about $80bn) will be required not only to build assembly plants, but plants to put together important components.

Not even the introduction of electronically-controlled engines in American vehicles is likely to stem much of the tide. Although nearly all new General Motors vehicles this autumn, will feature electronic computers to improve engine durability, reliability, and fuel economy, analysts do not expect that to help Detroit very much. Nearly 40 per cent of Nissan's new line and 20 per cent of Toyota's will also incorporate such electronic controls.

Reputation

And if they prove popular among motorists—as yet a debatable point—those percentages will rapidly expand. In any case, Japanese imports have achieved such a reputation for quality that few consumers are expected to be persuaded by such gimmicks to purchase U.S. made alternatives.

Nor are Japanese makers likely to be badly hurt by the recent appreciation of the yen. Although the autumn run-up in the Japanese currency has resulted in several recent price increases on Japanese cars destined for the U.S., American car makers have damaged their competitiveness by sharply increasing their own prices, in an effort to offset this year's massive, deficit-producing capital expenditures.

With sales in their domestic market sagging, and projected to grow at only 2 per cent annually over the next few years, Japan's producers have been counting more than ever on exports to generate profits. For the first time, they now export more than 50 per cent of their production.

Yet, Japan's motor makers must face the long-range prospect of slower growth rates in exports to their two largest markets, the U.S. and Europe. Even if Detroit falls on its face with its latest generation of new vehicles, Japanese makers will at best capture the 25 per cent of the market they now control. Limits on their productive capacity at home and protectionist sentiments overseas will assure that result.

The Datsun production line at Nissan's Tochigi plant

Nor will exports to European markets be likely to expand. Japanese producers captured over 12 per cent of the British market in the first eight months of 1980, well above the eleven per cent share allowed in the informal gentlemen's agreement between the industrial associations of the two countries. In France, Japanese sales have risen but are likely to be blocked in future by "Administrative Guidance" to French importers. Italian sales have long been shackled by direct quota restraint.

And even in West Germany, the last remaining free market in the European Community, calls for restraint and protectionism have gradually emerged.

So rapid increases in exports will likely continue from other markets which are much smaller in scale: the Middle East (particularly Saudi Arabia), Southeast Asia, Latin America and Africa.

Therefore, it is not surprising that some of the more liberal and possibly more far-sighted voices in management have been calling for an accelerated programme of investment in foreign production facilities—a move which, in time, could result in the true internationalisation of Japan's motor industry.

The impetus to produce overseas logically has been strongest in those companies whose share of the domestic motor market has been slipping: Nissan (producers of the Datsun) and Honda. Nissan has already announced plans to set up a plant to produce pick-up trucks in the Southeast United States.

In addition, it recently purchased 35.8 per cent of Spain's Motor Iberica, an ailing Barcelona truck manufacturer, and charted plans to build vehicles, in collaboration with Alfa Romeo, in a plant in Southern Italy. The much smaller Honda Motor Company, which has long produced motorcycles in the U.S., will provide design production methods, engines and transmissions for a new BL vehicle to be produced next year. And by 1982, Honda expects to produce 10,000 vehicles monthly at a $200m plant in Marysville, Ohio.

But so far Japan's largest motor manufacturers have resisted enormous pressure to build passenger cars in the U.S. on the grounds that such ventures would be questionable from a profit point of view, no matter how desirable a means of deflecting protectionism. The best to be expected in the short run is a possible deal, by Toyota and Ford, to produce cars in a joint venture.

At least a few considerations still stand in the way of such deals. First, the judgment that any major car maker would have to produce at least 250,000 vehicles of any one model annually to turn a profit. At present, no single Japanese vehicle sells this many.

In addition, there are widespread fears that American workers have neither the training nor motivation to produce motor-vehicles which are as free from defects and finely finished as those made in Japan.

Worry

Last, but hardly least, Japanese makers are afraid they will not be able to set up a Japanese-style network of faithful component suppliers which, to date, does not exist in the U.S.

They argue that if their U.S.-made vehicles do not command the same respect as those made in Japan, their sales will suffer severely. Another source of worry is the judgment of many Japanese observers that the Volkswagen Rabbit currently produced in the U.S. is far inferior to the German-made equivalent.

The greater willingness of Japanese motor producers to produce pick-up trucks in the U.S. results from the fact that such vehicles depend less on the supply of parts from component makers, and do not have to be as finely finished or as solidly constructed. Moreover, the production capacity of American makers will be about the same as that of their Japanese competitors, once Nissan comes on line in the U.S.

Praising the unsung heroes of industry

Ceramics

CAROLINE DALE

IN JAPAN the term "industrial ceramics" refers to a catch-all category of products made from inorganic material. Japanese producers, especially those supplying the electronics and metallurgy industries, see the orbit of ceramics widening even further as technical developments constantly increase application and thus popularity.

Ceramics have advanced by leaps in the burgeoning semi-conductor field. Computer memories must enlarge but chips and packaging must get smaller. There are three major producers of ceramic packaging for integrated circuits (ICs) in Japan today and the youngest, Kyoto Ceramics Co. Ltd. (Kyocera) corners the lion's share of the domestic and overseas market.

Mr. Y. Aoyama, its managing director, estimates over the past three years his company's share has risen to somewhere between 60 and 90 per cent of the world market. About 55 per cent of Kyocera's packages are exported.

The company produces two types: the Layer Packaging and Cerdip. The former, developed three years ago, is a tiny gold and ceramic container hermetically sealed using nitrogen to protect the 200 mm-sized chips from the atmosphere. Attached to this package are anywhere between 16 to 40 electrodes connected by a wire bonding technique.

Cerdip-type packages were developed from technology originally supplied by Fairchild U.S.A., although the company hastens to add they modified every aspect of the original. It is a cheaper package since gold is not used. Cerdip packages are sealed using molten glass—an original Kyocera technique.

Kyocera has also developed its own multi-lamination process for stacking and firing together of several layers of screened tapes for IC packages. A number of IC producers are manufacturing their own packaging in plastic. According to Mr. Aoyama this method is much cheaper but unreliable since plastics cannot be perfectly hermetically sealed.

Apart from IC packages, Kyocera has been advancing in such diverse fields as synthetic gems —notably crystal sapphire for dental implants called "Bioceram," solar energy equipment components, and automobile pollution control parts. But anticipated demand in the semi-conductor industry will mean the continued importance of IC package technology to Kyocera and, according to the company, increasing dependence on the Japanese product. "When Japanese engineers went to the U.S. to study they found Americans using Japanese packages. So then Japanese semi-conductor manufacturers turned to us too," said Mr. Aoyama.

Share

This month (October) two more Japanese semi-conductor manufacturers, Nippon Electric Company and Fujitsu, are joining Hitachi and NEC Semiconductors in vying with American firms for a greater share of the European market. Japan's IC exports to Europe during the January to June period have risen almost fourfold this year from the same period in 1979.

An attempt to stave off possible trade friction was a strong factor in this decision to manufacture abroad, especially in Europe. However Mr. Aoyama is sceptical about production abroad bringing increased demand for packages. Production techniques abroad are no match for the Japanese, regardless of competitive engineering.

Non-corrosive, chemical and abrasion resistant and high insulation qualities of new ceramics means that people no longer have an image of brittleness when thinking of ceramic materials, according to Mr. Y. Fukatsu, director of Engineering Ceramics in the Ceramics and Refractory Division of Asahi Glass Co. Asahi, Japan's largest sheet glass manufacturer, has also been producing fireclay and silica brick for its own furnaces since 1921. Today one of the mainstays of the company is its supply of the latest fusion cast refractories to the glass, cement, steel and non-ferrous industries.

Fusion-cast type is gradually replacing conventional metal alloys used in conveyors, rollers, hearses and all types of furnaces. Demand for this highly specialised type of refractory has been able to expend thanks to the development, of especially the steel industry, abroad. Asahi exports mainly to neighbouring South-East Asia, Australia and South Africa.

However, the limits are in sight, according to Mr. Fukstsu, and engineers are under severe pressure to maintain their leading position in the field of fusion cast, also known in Japan as advanced or engineering ceramics. At present Asahi's only competitor in the field is Toshiba Monofrax, a subsidiary of Toshiba Ceramics, part of the Toshiba Corporation.

Cerroi is the trade name for Asahi's high-performance ceramics. Cerroi is a new thermal and mechanical shock-resistant ceramic which, as Asahi's technical data states, means metallic materials no longer have any advantage over ceramics at high temperatures. In fact Ceroi scores over metals because it can be used without undergoing a second stage cooling process which makes it energy-saving. While the Japanese Government is supporting all deveopments in energy-saving techniques for industry, Mr. Fukatsu sees this as the key to a new popularity in ceramics over metals in a variety of processes.

Another Asahi development is in low thermal expansion ceramics with a high refractoriness for rapid heating and cooling. The main advantage of Asahi's original LOTEC—is its compatability with a number of molten metals. But actual applicaion is limited to plates, tubes and blocks.

Asahi is also Japan's largest monolithic refractory producer. This powder type of refractory is suitable for both castable and moldable concrete. The Ceramics and Refractory division has also developed rebonded refractories which are fused materials crushed then rebonded for super strength. Rebonded type is used in regassing and in electric furnaces.

Most Japanese refractory makers (but not Asahi Glass) are subsidiarie s of the major integrated steel manufacturers. Shinagawa Refractories Companies Ltd., the largest refractory firm in Japan, supplies between 70 and 80 per cent of their products to the steel industry. The company is closely tied to Nippon Kokan, Japan's second largest integrated steel manufacturer.

In late September, Shinagawa announced developments in its taphole material technology. The company is opening a new plant in Okayame shortly to produce fine ceramics, or new ceramics as they are sometimes called. Fine ceramics are of synthetic compound bases.

Mr. T. Doi, Director at Shinagawa, says the turning point in Japanese refractory technology was about 10 years ago when Japan ceased to play only a buyers role internationally. "Now they want our technology and there is nothing we want to licence from abroad," he said.

Exports

Shinagawa budgets 1 per cent of its annual turnover for R and D. One of their most successful software exports is the Shinagawa Vibration Process (SVP) for blast furnace troughs and their sensor to measure the level of oxygen in molten steel. But exports are mainly in software.

Only 10 per cent of the company's product is exported. Domestically, 70 per cent of the company's product is to the steel industry. The rest is to non-ferrous. Refractories for continuous casting must withstand tremendous wear and exposure to erosion. By next year the ratio of continuous casting in the steel industry is expected to rise to 80 per cent in Japan. As continuous casting process increases elsewhere in the world, Shinagawa policy has been to keep its refractories technology focussed in this direction.

Current major items are brick for the portions of shaft which incur the most damage in the blast furnace. These are self-bonding silicon carbide bricks "SILBN S85"; high alumina containing brick for Hotblast stoves "AC-SM"; silica bricks with high thermal conductivity for coke ovens "SCD" and "SCDD"; and magnesia carbide bricks for electric arc furnace walls. These last two bricks are extremely competitive abroad. Their high quality comes from Japan's own excellent raw material resources.

As always, when the steel industry advances, ceramic refractory technology must parallel developments with its own improved technology. The two industries spur each other on. Naturally refractory makers claim the key to all improvements in the steel industry lies in improved refractories. Said Mr. Doi: "We are the unsung heroes."

BRITAIN'S PRIVATE STEELMAKERS

Bitterness as recession bites deeper

Alan Pike reports on the growing problems of Britain's private sector steel industry—which owns a quarter of the country's steel capacity—as short-time working and a fall in demand have led to calls for Government assistance

MINISTERS desperate for relief from the problems of the money-eating British Steel Corporation should not seek comfort in the industry's private sector.

The difficulties of BSC are so highly publicised that a casual observer might imagine the State-owned corporation constituted the entire British steel industry. In fact the industry contains a substantial private sector and the one certain quality which it currently shares with BSC is that it is in trouble.

Representatives of the private sector have, with increasing urgency, been telling the Government of their problems this year as the effects of the recession, the strong pound and import penetration have brought the industry closer to crisis point.

If figures speak more clearly than words, they were provided last week when Duport, the West Midlands steel and engineering group, announced pre-tax losses of £4.47m for the half year ending July 31, compared with profits of £4.14m in the same period last year.

Duport warned that demand for its steel products was "extremely low" and that further losses were inevitable. In a sentence which sums up so much of the bitter feeling in the private steel companies at present Duport added: "It is disturbing that as a company that has invested substantially over the past few years, when some sections of industry have been properly criticised by Government and trade unions, we find ourselves in a position of having excellent and well managed facilities that are dramatically under-utilised."

Early next year the Government will be considering a new corporate plan for BSC which Mr. Ian MacGregor, its chairman, will be presenting in December. It has been accepted in Whitehall that, given the continuing problems of over-capacity and consequent need for further restructuring in the British industry, decisions on Mr. MacGregor's plan will have to be made in the context of a strategy for the entire industry, including the private sector.

But fears are mounting that the problems facing some of the private steel companies are so great that, if even the possibility of relief is many months away, it will be too late. Words like desperate and crisis are used interchangeably by managers and union officials as they describe the impact of the recession on their industry.

The situation is not without its paradoxes or, some might suggest, political nightmares for the Government. Some private steelmakers are pointing out increasingly loudly that the Conservative administration—allegedly wedded to the market economy and free enterprise principles—is making it more difficult for private companies to live through the present crisis by continuing to pump large amounts of financial aid into BSC.

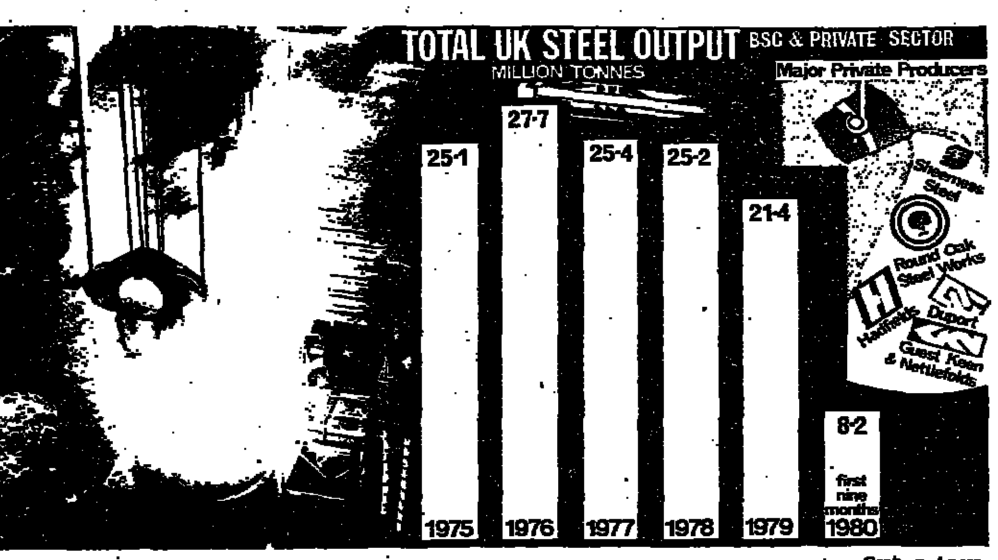
When most of the steel industry was nationalised in 1967 the private sector was left with only around 10 per cent of total tonnage and Labour politicians suggested that it would wither on the vine.

Instead the vine has borne unexpected fruit. The private sector has doubled its capacity since nationalisation and can now produce some 5m tonnes of crude steel a year—although it is operating at around half this level now—against BSC's 15m tonnes. In addition it converts up to 2m or 3m tonnes of semi-finished steel into higher quality products and employs, allowing for losses during the current recession, around 60,000 people.

The post-nationalisation period has witnessed some impressive new projects like GKN's £48m rolling mill opened earlier this year at the Brymbo works, North Wales—where 350 workers were made redundant earlier this month—and Duport's £35m investment in electric arc furnaces to replace its open hearth operation at Llanelli.

Steelmaking capacity in the private sector has increased in part through the introduction of mini mills like those at Alpha in South Wales, Sheerness in Kent and Bidston on Merseyside, which produce steel from scrap through the electric arc furnace route. Some of the bi producers of steel, like GKN and Duport, are also substantial consumers in their own engineering interests — for example, 70 per cent of the output from Brymbo goes to meet internal GKN needs.

The private sector's biggest strength is in the production of high-quality special steels, predominantly in the Sheffield area, where it has experienced little competition from BSC but is coming under increased pressure from importers. Apart from some direct competition between the British public and private sectors in the alloy billet and bar areas the main sectors of competition are in fields like wire and rod, where it is accepted that the industry has over-capacity.



Graham Lever

The private steelmakers frequently apply "most modern in Europe" superlatives when describing their developments since nationalisation, and are equally proud of the extent to which they have succeeded in controlling costs and improving productivity. But the current recession has been no respecter of such virtues. The collapse of the steel market which has hit Britain particularly severely among EEC countries, and the price cutting which it has provoked has hit BSC and the private sector alike.

"I doubt whether there is a steel processing operation in the West Midlands which is making money at the moment," says Mr. William Garner, chief executive of Glynwed Steels, a processing and engineering company. For example, one of the five companies in Glynwed's steel division which was last year averaging orders of 2,000 tonnes per week last week picked up orders for 12 tonnes. Companies speak of demand being around half of last year's level—in some specialist operations the decline is greater than this—and 1979 was, in any case, not a good year.

Virtually the entire industry is on short time with many employees working alternate weeks, and in some cases even less. Redundancies are mounting not only in production areas but among white-collar staff and middle management.

"The private sector is in many areas even worse off than BSC. There are deep feelings of concern about the future of the private sector," says Mr. Joe Pickles, divisional organiser of the Iron and Steel Trades Confederation in Sheffield.

The Sheffield Steel Committee—a body on which both private companies and BSC, trade unions and local authorities are represented — will shortly produce a disturbing report on the future of the steel industry in its traditional South Yorkshire heartland.

The report will demonstrate that for some special qualities of steel private companies have lost up to 80 per cent of the market to importers. While the most extreme examples of the problem are in special steel products feeding high technology industries, both BSC and the private manufacturers are concerned about growing imports of more basic products like hot rolled coil, often at what they regard as artificially low prices.

In these circumstances the cries for help are growing louder. Quite what help is another matter: the British Independent Steel Producers' Association is preparing an approach to Sir Keith Joseph, Industry Secretary, to warn him of the dire problems facing the industry but its members are divided over what form assistance should take.

However, there is no unanimity among the private companies that similar direct aid—even in the improbable event of it being made available —is the right answer. There is more support for some form of restructuring of interests between the public and private sectors and early indications are that the Government will explore this area when it tries to set the BSC corporate plan into the context of a wider strategy.

The most natural area for a streamlined joint venture is in theproduction of rods and bars where both BSC and GKN, the biggest independent steel-maker, have surplus capacity. Talks between the two organisations, so far inconclusive, have been in progress for many months and are continuing.

But at the heart of any attempt to rationalise the industry is the need to eliminate surplus — and, it is hoped, the least efficient—capacity and it is here that there is an imperfectly-defined but growing belief that Government encouragement may find a role.

So is the private sector belatedly fulfilling the Labour polintician's prophesy at the time of nationalisation and at last withering; helped on its way, as the director of one company put it bitterly, by the use of his own taxes in BSC.

The private companies argue that it is in the State corporation's interests that a healthy independent sector should continue to exist, quite apart from its role as a customer for BSC's products. BSC, so the argument runs, is going to continue to face competition in the British market because of the determination of customers — reinforced by last winter's three-months-long strike — to buy from more than one source.

The private companies believe that BSC would much prefer this competition to come from a British independent sector, particularly if it is one with which it is able to reach agreement on some form of rationalisation, rather than open the market to greater pressure from importers.

So rationalisation and restructuring are at the top of the steel industry's crisis agenda—although at the moment much more as a general talking point than as a firm plan.

Even if all goes well, restructuring would take some time to achieve, and many of the companies are warning that time is something they have not got.

In the short term the British steel industry may win a little precious breathing space if the efforts of the EEC to reimpose price and production discipline at least result in the worst excesses of cheap European imports being curbed. And it would help answer the immediate prayers of both the independent producers and BSC if the Government would let them have their energy at the rates enjoyed by many of their competitors.

But few any longer believe that such measures would be sufficient to preserve intact the existing structure of the British steel industry. There will be rationalisation. But there cannot be rationalisation without the elimination of unnecessary capacity. And there cannot be elimination of unnecessary capacity without the elimination of jobs.

The coming months will witness some deep and difficult talking in the British steel industry. As a director of one of the biggest private companies remarked: "It is easier to agree that there are too many people in a lifeboat than it is to find anyone who is willing to jump out."

Letters to the Editor

Monetary policy

From the Deputy Chairman and Consultant Economist, Butler Till

Sir,—The front page of October 24 reports the first trading loss of ICI in over fifty years, and that the Treasury forecasts the recession is likely to be deeper and longer than previously anticipated. Both are in part a reflection (allegedly short term) of the monetary policy strategy currently being pursued. We are in broad agreement with this strategy (in that control of financial aggregates must be an important ingredient of an anti-inflation policy) and the general priority being given to moderating inflation.

We also recognise that there may have to be short run costs of a long run policy of moderating inflation. But we question the severity and methods of the policy, neither of which have to be an integral part of a policy of moderating inflation

The corporate sector is facing a very serious profits and liquidity squeeze, induced by an unprecedented combination of: a high exchange rate in both nominal and real terms, exceptionally high interest rates; the general economic recession; and a rise in wages relative to prices. Corporate liquidity is now lower than at any time since the 1960s

It is the exchange rate and interest rate aspects of current policy that we question as they are neither an inevitable nor necessary part of the broad strategy. In particular, the high and rising exchange rate (at a time when UK prices are rising at a faster rate than our major competitors) places an inordinate burden on the UK export sector. It is a directional effect of current monetary policy that was never intended and need not be sustained.

Apart from a longer run policy of reducing the Public Sector Borrowing Requirement, the interest rate mechanism is the major, if not only, means of monetary control. For a given level of the PSBR, the level of interest rates must reflect the need to sell government debt and moderate private sector credit demand consistent with the government's monetary target. But the combination of high interest rates and an uncompetitive exchange rate is a reflection of: a low response of credit demand to interest rates and, through international capital movements; and a high exchange rate response to interest rates. It is the combination of these two crucial elasticities that places an inordinate burden of monetary adjustment on the export sector. As attractive as it might appear at first sight, direct controls on capital inflows is not a viable alternative as the experience of Germany and other countries in the early 1970s amply demonstrates.

In the light of these arguments an early move must be made to reduce minimum lending rates perhaps by as much as 3 or 4 per cent in a fairly quick succession of small adjustments. This could be done without compromising the Government's broad monetary strategy. Two objections might be made on this. It would make monetary control even more difficult, as credit demand would expand and the government broker would find it more difficult to sell government debt and finance the PSBR in a non-monetary way. The effect on the exchange rate would have a direct impact upon domestic inflation.

The first objection is, in our view, to be mistaken for three reasons. There would be little effect upon private sector demand for bank credit which seems not to be sensitive to interest rate movements in this range. The strategy could indeed have a positive effect on government debt sales to non-banks as the expectation of falling yields and a strongly rising yield curve would tempt institutional buyers of Gilts. The effect of lower interest rates on the PSBR would itself be beneficial. It is therefore not at all obvious that the Government's precise monetary target would be more difficult to secure with lower interest rates. But even if there was some short term overshoot to £M3 (which is an arbitrary statistic), this would not undermine the Government's broad anti-inflation strategy. Such total obsession with an arbitrary statistic is in any case quite misconceived.

The second objection is more serious. A significant fall in interest rates would affect the exchange rate by moderating capital inflows and encouraging portfolio capital outflows. This decline would add to domestic costs, and reduce real income. But in the final analysis it must be a question of degree as noted in the distinction made by the chairman of ICI between "a bracing climate" and "freezing to death."

We believe therefore that an early cut in MLR is imperative and that this would have little effect upon the money supply

John White,
(Prof.) David T. Llewellyn.
Butler Till,
Adelaide House,
London Bridge, EC4.

Dumped steel

From the Chairman, Neepsend

Sir,—I have read with considerable interest the letter from Mr. D. Finlay-Maxwell (October 21) and fully support all he says.

The special steel industry in the private sector has provided HM Government with irrefutable evidence of dumping for the past 5 years on the accepted criteria of selling here at less than the domestic price operating in the exporter's home market. This evidence has been confirmed by a special survey undertaken by NEDO and yet no action has been taken to stop the practice, except in the case concerning stainless steel bar from Brazil. This has resulted in serious job losses and reduction in the size of the UK industry.

In addition the industry has also been penalised by excessive energy prices which places it at a disadvantage in relation to overseas manufacturers especially in Europe where their energy costs are not only lower but are also subsidised.

Add to this, interest rates double those paid by our competitors—entirely due to continued overspending in the public sector—and one can guarantee that manufacturers in the UK cannot hope to compete, even with imports which are not dumped.

Then of course there is the myth that action by the UK Government will bring reprisals and affect our exports. Does this happen with Japan or the U.S. or indeed so many countries where import restrictions are imposed? And in any event do we not have the one exportable product for which any price will be paid and that is oil?

It seems to me that it would make far better economic sense to use our great natural advantage of gas and oil to help our industry to meet competition both at home and abroad and increase added value and employment rather than killing manufacturing industry and having millions of people idle. Then if overseas countries do not want to take our exports, we do not buy from them and we can earn what we need for the necessities of life by making them pay high prices for our oil.

It is so necessary that Whitehall learns that trade is not a game played to rules, that we are no longer a great power with an Empire and that we have got to be as tough or preferaby tougher than anyone else in all our economic activ ties.

Perhaps in this way we may start to regain our prosperity

S. L. Speight.
Neepsend,
Lancaster Street,
Sheffield, Yorkshire.

Workers united

From Mr. R. Oakeshott.

Sir, — In his otherwise excellent review of the significance (and origins) of the recently formed company Journalists of The Times (JoTT) John Elliott (October 25) seems perhaps overconcerned to emphasise how it differs from a workers' co-op.

Of course there are major differences between the kind of "co-operative company" or "job ownership company" which The Times journalists have formed andand the sort of government-funded co-op advocated in last month's Labour Party discussion pamphlet. There are also tax and other considerations which made it more sensible for JoTT to be registered under the Company's Act rather than with the Registrar of Friendly Societies. But these facts should not be allowed to obscure the very real similarity between the structures adopted by JoTT and those of, for example, the Mondragon co-ops of the Bacque provinces of Spain.

What often bedevils rational discussion in this whole area is the essentially negative associations conjured up by the word co-operative when used in the context of industrial production. For these associations are usually either with actual failure or with businesses manned by eccentrics or zealots of one kind or another. Small wonder in these circumstances that the journalists of The Times should have felt leary about committing themselves to anything with the word co-operative in its title.

And yea, foc ourse, it is not names that matter but structures. On the whole, or so it seems to me, our structures in this country work well when they involve homogenous groups of people: in professional partnerships, in Oxford colleges, for example. They work badly when the task to be done requires that people of very different backgrounds and values—essentially management and shop-floor-oriented people — should work together. The traditional capitalist structures impose what is basically and historically a master-servant relationship in these situations. It is hardly surprising that structures of this kind should be resented in a society which claims to be democratic.

If this anlysis is broadly along the right lines, then it suggests that JoTT, a company of Times journalists, should like a partnership of accountants, work well enough. But it also suggests that integrating the printers into it could well prove difficult. A comparison with the position at Le Monde may be instructive here. Alone among the groups working for it, the printers have declined to form a company and participate in the final control of the newspaper by means of it.

A post-Thomson Times, in which JoTT (like La Societé des Fedacteurs du Monde) played a leading part might overcome the problem of "integrating" the printers by, as John Elliott suggets, organising itself to be printed on contract. Or it might soften the attitudes of the printers — as they seem to have been softened at Le Monde (and perhaps at The Guardian) — by adopting a non-profit-making form. This last course might have the added advantage (one which is certainly claimed for itself by Le Monde) of permitting a more even-handed editorial policy in relation to the conflicts between capital and labour.

But that is speculation. The main point is rather different. It is that any debate about the post-Thomson Times will serve to cloud the real issues if it is presented as centring around a supposed choice between a full-blooded workers' co-op on the one hand an dsome microscopic element of journalist and management ownership on the other. It would do better to focus unequivocally on the crucial problem of how you achieve high trust working relationships between printers on the one hand, and all other groups who must combine if a newspaper is to be produced on the other.

Robert Oakeshott,
Job Ownership,
42-44, Hanway Street, W1.

Deeds of covenant

From Mr. J. Andrews

Sir, — Mr. Jack Harper (October 27), goes only half way to explaining the problem that has been created by the recent Court ruling affecting payments under deeds of covenant that may be treated as the income of the donor under Section 457 T.A. 1970. The problem to which he refers arises only where the gross payments under deeds of covenant exceed the donor's net investment income, i.e. gross investment income less charges, such as mortgage interest, etc. and only then if the excess itself exceeds £5,500 per annum. As the gross amount of any deed of covenant would not normally exceed £1,375, the amount of a single person's personal allowance for tax purposes, a donor with no net investment income whatsoever could still enter into four such deeds of covenant without becoming liable to the investment income surcharge.

It would be a pity if prospective donors were discouraged from entering into deeds of covenant merely on the basis of Mr. Harper's letter

J. R. Andrews.
Finnie Ross Allfields,
Lee House,
London Wall, EC2.

Today's Events

GENERAL

UK: Joint meeting of Shadow Cabinet and Labour Party's National Executive Committee.

Amalgamated Union of Engineering Workers national executive meets on pay.

Mr. William Whitelaw, Home Secretary, and Mr. Denis Healey, Shadow Chancellor, address Licensed Victuallers' dinner, Grosvenor House, London.

Sir Richard O'Brien, Manpower Services Commission chairman, speaks on unemployment, Lancaster University.

Mr. James Prior, Employment Secretary, at dinner of British National Committee of International Chamber of Commerce, Quaglino's, London.

Overseas: Lord Carrington, Foreign Secretary, visits Poland.

Further debate in Iran Parliament on concessions to be demanded in return for the release of American hostages.

Israel's President Yitzhak Navon continues visit to Egypt.

Duke and Duchess of Kent begin 16-day tour of New Zealand.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Unemployment, on a Motion for the Adjournment. Motion on the Education (Assisted Places) Regulations.

House of Lords: Imprisonment (Temporary Powers) Bill, all stages.

Select Committees — Scottish. Subject: Dispersal to Scotland of Civil Service jobs. Witnesses: Civil Service Department and Property Services Agency. 11 am. Room 5. Transport Subject: Roads White Paper. Witnesses: Mr. Kenneth Clarke, Parliamentary Secretary for Transport, and officials of the department. 11.15 am Room 17. Public Accounts. Subject: Role of Comptroller and Auditor-General. Witnesses: Mr. Edward du Cann, MP, and Comptroller and Auditor-General. 4 pm. Room 16. Welsh. Subject: Broadcasting in Welsh. Witnesses: Independent Broadcasting Authority. 4.15 pm. Room 8. Employment. Subject: Legal immunities of unions. Witnesses: Association of Chief Police Officers, Institute of Directors, Mr. James Prior, Employment Secretary. 4.30 pm. Room 15. Treasury and Civil Service sub-committee. Subject: Role of Civil Service Department. Witness: Sir Derek Rayner. 5 pm. Room 6.

COMPANY MEETINGS

Associated Dairies, St. Michael's Lane, Leeds, 2.30. Change Wares, Winchester House, Old Broad Street, E.C., 11. Group Lotus Car, Hethel, Norwich, 12.15. Link House Publications, Connaught Rooms, Great Queen Street, W.C., 12. James Walker Goldsmith and Silversmith, 1, Gleneagle Road, S.W., 12.

UK COMPANY NEWS

Reed Intl. down at half time

SECOND-QUARTER profits of Reed International fell from £23.6m to £15.2m leaving the total for the six months ended September 30, 1980 at £27m, down £23.1m from the same period last year.

CCA results show an even bleaker picture with profits down sharply from £30.3m to £6.8m and a net loss of £1.5m against profits of £13.6m.

The directors say UK operations were adversely affected by industrial action, high sterling and energy prices in paper making and stock reductions by customers for packaging and decorative products.

However, the performance of the UK newspapers, which include the Mirror Group, the building products companies in the UK and Europe, and the Quebec newsprint mill were satisfactory.

Stated earnings per share in the first half were down from 29.2p to 16.1p but the interim dividend is being maintained at 4p — the total last year was 13p.

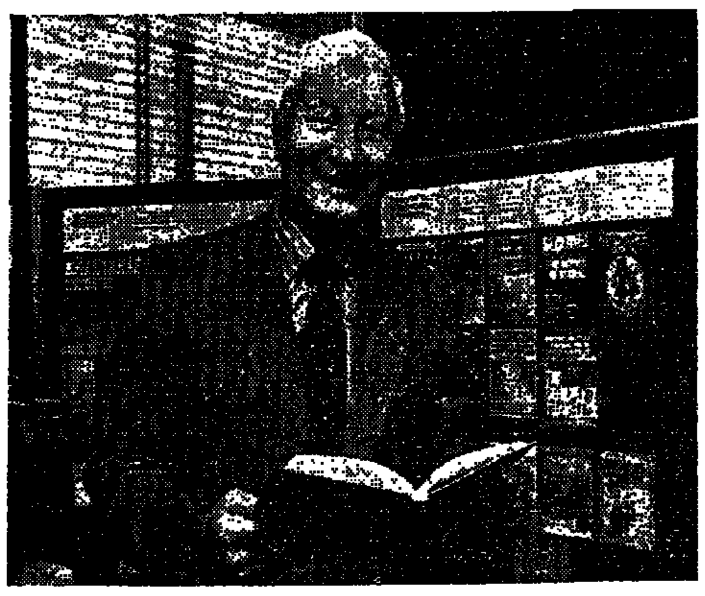
Sales amounted to £716.5m against £728.1m and comprised UK and exports £545m (£532.8m) and overseas £171.5m (£195.3m). Pre-tax profit was struck after deducting interest of £3.4m (£6.9m).

The programme of restructuring the UK paper-making and wall-coverings operations to eliminate uncompetitive and excess capacity continues, the directors report.

The current cost account operating loss of these two activities for the six-month period amounted to some £18m (historic cost £14.5m) of which some £5m represented rationalisation costs.

The remainder of the UK operations generated a CCA operating profit of £11m (HCA £27.6m) after taking into account the losses incurred through industrial action in the publishing operations during the first quarter.

Lex Back Page



Sir Alex Jarratt, chairman of Reed International . . . after the group's poor first quarter, a downturn at the end of the half year is not too surprising.

Coates falls and warns on outlook

DESPITE A rise in turnover from £45.7m to £53.2m in the first half of 1980, taxable profits of Coates Brothers and Company declined during the period by £402,000 to £3.65m.

And the chairman, Sir Richard A. Meyjes, warns that UK trading prospects for the remainder of the year are not good and second half profits in this country will show a further sharp reduction compared with last year.

Group liquidity continues to be satisfactory and steps are being taken to contain operating costs, but any significant improvement in the company's performance will depend on the recovery in the UK economy, Sir Richard adds.

The directors are maintaining the interim dividend at 0.88p net —last year's total amounted to 3p from pre-tax profits of £9.4m (£10.37m).

The taxable profit was struck after contribution to fixed assets replacement of £653,000 against £551,000.

The chairman says that during the first half turnover by value improved by 13.4 per cent in the UK and by 26.2 per cent overseas at unchanged exchanged rates.

Profitability overseas improved in line with turnover but in the UK, the effects of the steel strike on the canning industry and disputes in the printing industry exacerbated the effects of the recession.

In addition, Sir Richard comments, the strength of sterling reduced margins on exports and UK profitability overall fell substantially

The net surplus declined in the six months from £2.16m to £1.87m and attributable profit showed a drop to £1.7m (£2.04m) after tax of £1.79m (£1.9m) and minorities of £157,000 (£116,000).

Stated earnings per 25p share are down from 5.04p to 4.22p.

The principal activities of Coates Brothers include the manufacture and sale of printing inks and supplies for the printing industry.

● comment

Industrial disputes troubled Coates Brothers during the first half, but only to aggravate an underlying slowdown in business which will make its mark on the second half. The group is bolstered by its extensive foreign operations, whose profits contribution, 36.4 per cent last year, is now moving up to the 40 per cent marfl. The strength of South Africa in particular is reflected in the higher minorities payments. After the interim pre-tax profits decline of 10 per cent, the second half may be a fifth down, pointing towards £7m for the year. At 55p unchanged, the shares yield a prospective 8 per cent assuming a maintained final, while the prospective fully taxed p/e is a little over 7. The balance sheet is strong, with scope for probable diversification, and a net asset backing of over £1 a share in the last balance sheet.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Border and Southern ...	1.8	Jan. 5	1.5	2.95‡	2.2
British Car Auction	2.2	Jan. 30	2.2	3.45	2.87
CLRP Inv.	1.9	—	1.9	3.5	2.8
Coates Bros. .... int.	0.88	Jan. 2	0.88	—	3
Dorrington Inv. ... int.	2.1	Dec. 3	1.9	—	4
English Nat. In. Dfd. int.	1.75¶	Dec. 10	1.59	—	3.02
Eng. Nat. In. Pf.Ord.int.	1.05¶	Dec. 10	1.01	—	2.23
Harrisons & Cr'field †int.	7.5	Dec. 10	7.5	—	2.8
Lake View Timber int.	1.2	Dec. 1	1.1	—	4.25§
N. Atlantic Secs.	2.55	Dec. 11	2.55	4.8**	3.75
Reed Intl. .... int.	4	Jan. 6	4	—	13
W. Runciman .... int.	2.5	Jan. 5	1.25	—‖	3.75
Tozer Kemsley ...... int.	1.59	Jan. 5	1.59	—	4.77
Singapore Para Rubber	0.5	Dec. 12	0.35*	0.5	0.35*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring 0.35p. § Includes non-recurring 0.65p. ¶ To reduce disparity. ‖ Final of 5p forecast. ** Includes non-recurring 0.5p.

Habitat denies 'listing before Christmas' report

HABITAT DESIGN, the private retail chain, yesterday described a Press report that it would seek a Stock Exchange listing before Christmas as "incorrect." Mr. Terence Conran, chairman of the company, said: "Habitat has every intention of going public." But, he added, that "no firm decision has yet been taken on the exact timing."

Mr. Nick Garrow, of Morgan Grenfell, explained: "The company has been considering a flotation for some time, but has not decided when this will occur. It is keeping its options open." In preparing for a flotation, Mr. Garrow said that it would be necessary to "assemble a team which includes brokers and acountants." He would not, however, confirm that these steps were currently underway.

British Car Auction boost

PRE-TAX profits of British Car Auction Group rose by more than 50 per cent from £1.74m to a record £2.62m in the year ended July 31, 1980 and in the first three months of the current year turnover and profits are ahead of the same period last year.

The directors have recommended a final dividend of 2.2p lifting the total from 2.87p to 3.45p. An increase in the authorised share capital and a one-for-four scrip issue are also proposed.

Profits in the first half had jumped from £785,000 to £1.12m and the board was hoping for a satisfactory year's result.

Gross auction sale proceeds increased from £134.54m to £173.23m with other sales totalling £7.67m against £6.02m. Commissions earned amounted to £7.47m compared with £5.61m.

Tax takes £1.49m (£1.03m) and earnings per share are stated as an adjusted 7.92p against 4.96p. After extraordinary debits of £76,000 (£36,000) and £25,000 (£28,000) minorities, the attributable balance is £1.03m compared with £645,000.

The directors say the year's profits were produced during a period of reorganisation. The group now has four major businesses—motor auctions, coin machine sales, Readygas and McAlisters Caravan Sales.

● comment

British Car Auction's diversification effort proceeds apace with the contribution from non-auction activities to group profits up from 20 per cent to 28 per cent. But the impetus for the 50 per cent overall pre-tax improvement remains with the auction business where trade de-stocking measures have helped to increase the proportion of sales to vehicles entered from about 60 per cent to about 72 per cent. The current year has started well although auction volume is broadly unchanged at about 9,000 vehicles per week and it remains to be seen whether the recent reported rise in second-hand prices will depress sales. Profits from the caravan rental business have aparently advanced satisfactorily and, given the normal degree of frost and snow this winter, Readygas will implement its expansion plans to cover losses which are said to have reached £36,000 since the financial year end. The shares remain somewhat difficult to rate. As a positive cash flow business, BCA escapes the debt financing problems which the vehicle distribution sector suffers at present but its auction activities are arguably reaching maturity. The price may be influenced more by the possibilities arising from any move for Caffyns, which could be precipitated by the forthcoming interim results, and the property development prospects in the Brighouse and Frimley sites than any short term shift in second-hand car volume and values. For the time being an historic p/e and yield of 9.6 and 6.5 per cent offer tolerably adequate support.

Dunlop France loss unchanged at nine months

Dunlop SA, the French subsidiary of Dunlop Holdings, reports a loss of FFr 17.7m for the first nine months of the year. This figure is the same as for the corresponding period last year.

Sales improved by 16.4 per cent to FFr 1.29bn.

SPAIN

October 28	Price %	+ or −
Banco Bilbao	252	
Banco Central	282	
Banco Exterior	219	
Banco Hispano	241	
Banco Ind. Cat.	125	
Banco Madrid	141	
Banco Santander	282	
Banco Urquijo	132	
Banco Vizcaya	261	
Banco Zaragoza	220	
Dragados	110	
Espanola Zinc	63	
Fecsa	64	−0.2
Gal. Preciados	32	−0.5
Hidrola	69	
Iberduero	65.5	+0.5
Petroleos	115	−1.5
Petroliber	88.5	
Sogefisa	102	
Telefonica	62	
Union Elect.	69.7	+0.7

Tozer Kemsley falls by £2.4m at interim stage

Due mainly to greater than expected losses in certain activities of Wadham Stringer, a disappointing result from TKM Foods and higher interest rates, pre-tax profits of Tozer Kemsley and Millbourn (Holdings), international trading and finance group, dropped from £6.98m to £4.57m for the six months ended June 30, 1980.

The directors state that in present conditions the outcome for the year is impossible to measure, but the outlook is not encouraging.

They add, however, that the balance sheet and resources remain strong and are maintaining the net interim dividend at 1.59p per 20p share — last year's final was 3.18p.

For the whole of 1979 profits jumped from £7.63m to a record £16m, and in the annual review a maintenance of the higher earnings base was foreseen.

They now explain that without the Wadham Stringer loss and increased interest charges, the group would have achieved an equivalent performance to that of 1979.

All other major activities are producing better results than last year, demonstrating, the directors say, that the group's wide spread of international business "is of help in shielding us from the worst effects of setbacks in specific areas or activities."

Pre-tax figure for the six months included associates' share of £2.02m against £2.35m, and was subject to tax of £2.46m compared with £3.02m.

After minorities of £121,000 (£26,000) earnings emerged at £1.99m (£3.94m) of which the interim dividend will cost £851,000 (£794,000).

There was an extraordinary debit of £164,000 (nil) leaving undistributed profit at £982,000 (£3.14m).

In common with other motor distributors in the UK, Wadham Stringer is the victim of high interest rates increasing the cost of stockholding and the substantial write-down made of existing secondhand stocks caused by manufacturers offering discounts on new vehicles, the directors say.

Commercial vehicle sales are severely depressed in the economic climate, which has damaged Wadham's boat business also, they add.

Heavy de-stocking in the food trade at retail levels has negated improved efficiencies at the canneries in TKM Foods by reducing the sales of product the company is committed to can in season, while carrying costs, of resultant stockholding, are exacerbated by current interest.

Lex Back Page

INDEX TO COMPANY HIGHLIGHTS

C. Moran voting finely poised

THE four directors who are attempting to unseat Mr. Christopher Moran from his directorships within the Christopher Moran Group, the insurance broker with large Lloyd's of London interests, have received proxy votes representing over 1m shares in favour of their resolution.

But so far proxy votes of just under 1m shares have been lodged against the board's resolution.

The resolution, which will seek shareholders' support at an extraordinary general meeting on Friday, states "that Christopher John Moran, a director of the company, be forthwith removed from office as such a director."

Mr. Raymond Hall, acting managing director, spent the last weekend in Guernsey attempting to identify the trustees and those that may influence over 56 per cent of the Moran Group's equity.

He said yesterday that attention had now been switched to UK investment trusts which between them control large shareholdings of Moran although their identity has remained secret.

Most are registered under nominee names. Many of the trusts have common directorships and they could influence the outcome of the Moran vote.

So far two of these investment trusts have cast their vote against the board.

Harrisons & Crosfield little changed pre-tax

Turnover of Harrisons and Crosfield expanded from £300m to £372m and trading profits rose to £32.53m for the first half of 1980, against £28.66m. However, interest charges, much higher at £6.06m compared with £1.81m, have taken their toll and left the group's taxable surplus little changed at £26.47m against £26.85m.

	First half 1980 £000	1979 £000
Turnover	372,500	300,000
Operating profit	28,846	25,374
Associates' share	3,395	3,019
Investment inc.	291	270
Making profit	32,532	28,663
Interest payable	6,062	1,812
Pre-tax profit	26,470	26,851
Tax	12,950	13,565
Net profit	13,520	13,286
Minorities	1,923	1,819
Pref. dividends	60	60
Available	11,537	11,407

In the second half so far, most overseas activities continue to provide encouraging figures, but these have not been matched by the group's UK operations, for which the final months of 1980 are particularly difficult to predict, the directors state.

They add, however, that taking into consideration the UK recession, the overall profit should be satisfactory.

Surplus for the whole of 1979 was a record £58.38m, from turnover of £639m.

On increased capital from last June's rights issue, earnings per £1 share have slipped by 1p to 23.1p, but the interim dividend has been maintained at 7.5p net—last year's final was 20.5p. At the time of the rights issue the directors were confident of maintaining the total payment for the year.

Operating profits improved from £25.37m to £28.85m during the six months and were split as to plantations £14.91m (£13.22m); chemicals and industrial £5.02m (£4.18m); timber and building supplies £6.01m (£5.38m), and general trading £2.91m (£2.59m).

After tax of £12.95m (£13.56m), minorities £1.92m (£1.82m) and preference dividends of £60,000, the amount available came through slightly ahead at £11.54m against £11.41m.

The directors state that in less buoyant conditions the group benefited from the spread of its operations both geographically and by activity, and all four divisions produced higher operating profits.

Pre-tax figures for the first half would have been increased by some £1.4m if exchange rates as at June 30, 1979 had been applied.

Differences arising from exchange rate changes on the net investments overseas will be reflected in the annual accounts.

Lex Back Page

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Border Breweries, George M. Callender, Fidelity Radio, Geers Gross, P. C. Henderson, Mallinson-Denny, Nineteen Twenty-Eight Investment Trust, Richardsons Westgarth.

Finals: Arthur Bell, Gomme, M.Y. Dart, North British Properties, United Real Property.

FUTURE DATES

Interims—

Atkins Brothers (Hosiery)	Dec. 1
Burnett and Hallamshire	Nov. 27
Chloride	Nov. 13
Cullen's Stores	Nov. 10
Hill (Philip) Investment Trust	Nov. 5
L.C.P.	Nov. 11
Land Securities	Nov. 11
Mountview Estates	Nov. 5
Northern Goldsmiths	Nov. 11
Platignum	Oct. 31
Porter Chadburn	Nov. 13
Ropner	Nov. 3
Whitbread	Nov. 10
Finals—	
Aberdeen Trust	Oct. 30
Armour Trust	Oct. 30
Burndene Investments	Oct. 31
Jessups	Nov. 6
Moss Engineering	Nov. 6
Nelson David	Nov. 14
Safeguard Industrial Invests.	Nov. 4
Stag Line	Nov. 21
Wemyss Investment	Nov. 6
Wolseley Hughes	Nov. 14

Winding up orders made on 103 companies

Compulsory winding up orders against 103 companies were made by Mr. Justice Slade in the High Court. They were:

Mercury Industrial (Freight), Spend 'N Save Warehouses, Parfitts Restaurant, Duratube, Morton-Thurtle (Holdings), W. H. Hanna (Builders Merchants).

Formidale, Alfred W. Morrison, A. and V. Designs, The Art Directory, Peninsula Distributors (Foods), C and T Roofing (South Wales).

Chesham Shipping, Haffenden International Marketing, Fearns Electrical Services, D. E. Evans and Sons (Builders), A.I. Plastic Mouldings, W. J. Bull and Son (Romford).

Omerdawn, Porter Scaffolding Co., Express Welding, Durotrans, S and C Plumbing.

Rashleigh Phipps and Company, Rapsa (UK), Connoisseur Domestic Appliances, Adbray, Uniquip.

Belgravia Promotions, Jeldean, Fashleaf, City Centre Decorators (York), Apollo Advertising Consultants.

Filter Maintenance, Glassark, Versatex Leathergrains, Cosmic Engineering Services, Trendex (Fashions).

G.G. Italian Prints, Maranroy, Croydon Houses, Yarstar, Douglass Consultants International.

T.M. Joinery, Middlesex Conversions, York and District Agricultural Services, Selfwise, Hailglen Plant (Midlands).

Arlingway, Desfab (Construction), The Telephone Call Recorder Company, Johnsons (Bolton), Polyfoto (England).

Benvil Freight Services, Hernbest, Keith Dickens, Homespace Development Company, Wradsil.

Modulaire Engineering, D.A.B. Metalworks, Exalex, Wong and Chan.

Wongs (Cardiff), Wong Lee and Company, Wong and Ho, Briggs Ship Sales, Nimbus Engineering, Bozscag.

Carrington Timbers, Flinkquis Investments, Jay Allan Concepts, J. K. Brent and Co., Abacus Aluminium Replacement Windows:

Colin Road Garages, Canford Plant and Contractors, Clamanor, Clapham Carpet Contractors.

Dennis Durrant and Company, Eveleighs (Accessories), Garden Services, Joseph Farley Transport and Warehousing, John Mullings;

Search Engineering, Lienlieu, P. T. Trading (Bookpak), Parnosa House;

Penny Post, R. P. Sheet Metal 78, S. Caine and Sons (Newcastle), Zedstar;

Brokerfax, Roadships, Edward Colvin, Gordon Sheppard Promotions;

Ash and Oak (Building Services), Adrian Harrison (Bradford), Burgos Steel Fabrications, Cradle Window Cleaning Company, Crolmill;

Cellco, Priceways, Swanick Yacht Agency, Ravenscroft Garage (Osterley).

A compulsory winding up order made on October 20 against Postwrights was rescinded and the petition dismissed by *consent*.

Also a compulsory winding up order made on October 13 against Hill House (Building) Ltd. was rescinded by Mr. Justice Slade in the High Court.

HARVEY AND THOMPSON

The register of members of Harvey and Thompson is closed and registration of transfers is suspended until further notice.

Border & Southern year end increase

FOR THE YEAR ended September 30, 1980, revenue available of the Border and Southern Stockholders Trust came out ahead from £2.35m to £3.24m.

The dividend is stepped up to 2.95p (2.2p) net per 10p share — including a special non-recurring 0.35p — with a final payment of 1.8p, the total amount of which will absorb £2.9m against £2.16m.

The year's income totalled £5.36m (£4.1m), expenses and interest took £420,878 (£410,782) *and tax £1.67m compared with* £1.31m. Preference dividends cost £33,075.

Stated earnings per share are given as 3.3p against 2.39p, and 2.93p adjusted for special non-recurring income.

Total net assets were £104.4m (£89.1m) as at September 30, and the net asset value per share was 103.2p (86.8p) with prior charges at par, and 104.6p (88.2p) at market value.

Midway recovery at W. Runciman

IN ACCORDANCE with the *indication given in the annual* statement, Walter Runciman and Co., shipping and freight agent, has continued its recovery and achieved taxable profits of £1.31m for the first half of 1980, compared with losses of £232,152 previously.

A second half profit of £964,643 last year left the company with a £732,491 surplus at December 31. In their annual statement directors said that given normal trading conditions they expected a return to profitability levels achieved before the downturn of of 1978.

They now state that profits of the insurance division again *suffered a reduction, but both* the shipping and security sectors continued their recovery.

The increasing strength of sterling against the currencies in which a large proportion of revenue is earned, is now having a material effect on the performance of all three divisions, the directors say, with the result that second half profits will be lower than those of the first.

They expect, however, the outcome for the year as a whole to justify recommendation of a final dividend of 5p (2.5p)—they now announce an interim payment doubled to 2.5p net.

Tax took £679,000 against a credit of £121,000, leaving a net profit of £640,071 (£169,844 loss).

Sun Company of U.S. seeks London listing

Sun Company of the U.S., is *seeking a London Stock* Exchange listing in November

The company wants the listing because of its increasing visibility in Europe now that it has begun drilling in the North Sea.

Stockbrokers Cazenove and Morgan Grenfell will be assisting in the listing.

Yearlings unchanged

The interest rate on this week's batch of local authority bonds is 14⅞ per cent, unchanged from last week. The bonds are issued at par and are redeemable on November 4, 1981.

The issues are: London Borough of Barking and Dagenham (£0.5m); Scarborough BC (£0.5m); Thamesdown (Borough of) (£0.5m); Wansbeck DC (£0.25m); Bassetlaw DC (£0.5m); East Lindsey DC (£0.5m); Birmingham DC (£1m); City of Dundee DC (£1m); Bournemouth BC (£0.5m); Cambridgeshire CC (£0.5m); Cleveland CC (£0.5m); Cynon Valley BC (£0.25m); Northampton BC (£0.75m); Test Valley DC (£0.5m); London Borough of Waltham Forest (£1.5m); Wigan Metropolitan BC (£1m); City of Wakefield Metropolitan DC (£0.5m); Mole Valley DC (£0.25m); Northavon DC (£0.25m).

North Warwickshire has issued £0.5m of 13⅞ per cent bonds at par for redemption on October 26, 1983.

BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	§16 %
American Express Bk.	16 %	C. Hoare & Co.	†16 %
Amro Bank	16 %	Hongkong & Shanghai	16 %
Henry Ansbacher	16 %	Keyser Ullmann	16 %
A P Bank Ltd.	*16 %*	*Knowsley & Co. Ltd.*	*18 %*
■ Arbuthnot Latham	16 %	Langris Trust Ltd.	16 %
Associates Cap. Corp.	16 %	Lloyds Bank	16 %
Banco de Bilbao	16 %	Edward Manson & Co.	17 %
BCCI	16 %	Midland Bank	16 %
Bank of Cyprus	16 %	■ Samuel Montagu	16 %
Bank of N.S.W.	16 %	■ Morgan Grenfell	16 %
Banque Belge Ltd.	16 %	National Westminster	16 %
Banque du Rhone et de la Tamise S.A.	16½ %	Norwich General Trust	16 %
Barclays Bank	16 %	P. S. Refson & Co.	16 %
Bremar Holdings Ltd.	17 %	Rossminster	16 %
Brit. Bank of Mid. East	16 %	Ryl. Bk. Canada (Ldn.)	16 %
■ Brown Shipley	16 %	Schlesinger Limited	16 %
Canada Perm't Trust	17 %	E. S. Schwab	16 %
Cayzer Ltd.	16 %	Security Trust Co. Ltd.	17 %
Cedar Holdings	16 %	Standard Chartered	16 %
■ Charterhouse Japhet	16 %	Trade Dev. Bank	16 %
C. E. Coates	16 %	Trustee Savings Bank	16 %
Consolidated Credits	16 %	Twentieth Century Bk.	16 %
Co-operative Bank	*16 %	*United Bank of Kuwait*	16 %
Corinthian Secs.	16 %	Whiteaway Laidlaw	16½ %
The Cyprus Popular Bk.	16 %	Williams & Glyn's	16 %
Duncan Lawrie	16 %	Wintrust Secs. Ltd.	16 %
Eagil Trust	16 %	Yorkshire Bank	16 %
E. T. Trust Limited	16 %		
First Nat. Fin. Corp.	18 %		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	16 %		
Antony Gibbs	16 %		
Greyhound Guaranty	16 %		
Grindlays Bank	‡16 %		
Guinness Mahon	16 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 14%. 1-month deposits 14¼%.

† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 15%.

‡ Call deposits over £1,000 14%.

§ Demand deposits 14½%.

Improvement by CLRP Investment

Second half pre-tax revenue of C.L.R.P. Investment Trust advanced from £403,840 to £484,443, and figures for the full *year to August 31, 1980, showed* an increase from £655,931 to £916,551.

The final dividend is unchanged at 1.9p net per share, for a total of 3.5p (2.8p).

After tax up from £244,505 to £307,852, stated earnings per 25p share are 4.22p compared with 2.96p, and the net asset value per share has improved from 99½p to 117p.

John Crowther back in profit at interim stage

REFLECTING the contraction of the company and disposal of machinery, referred to in the 1979 accounts, John Crowther Group, woollen textile maker, achieved a pre-tax profit of £4,082 for the six months to June 30, 1980, against a £55,165 loss last time.

In the last full year, a deficit of £286,851 before tax was incurred, and a single dividend of 0.76p net per 25p share was paid.

The current half year is continuing under the difficulties of depressed retail sales, high interest rates and the strong pound.

The directors say the substantial *contraction of the labour* force by 45 per cent in the first six months has been a most difficult and expensive operation and, since July 1, there has been a further reduction brought about by the current trade situation. Total reduction during the year amounts to some 66 per cent of the group's workforce.

Turnover for the six months dropped from £3.31m to £2.39m, while trading profits were down from £141,693 to £15,257.

Surplus on the sale of fixed assets amounted to £389,310, against £5,633. Redundancy and plant re-organisation costs totalled £177,159 (nil), deprecia*tion took £62,997 (£73,033)* and interest was up from £129,458 to £160,329. No charge for tax arises, with the exception of ACT.

The directors state that the company's modern equipment and plant capacity provides potential which would enable it to increase production and sales considerably beyond its current rate of activity, given the return to more normal trading conditions.

LONDON TRADED OPTIONS

Option	Ex'rcise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	390	105	8	118	3	—	—	477p
BP	420	88	35	96	—	112	1	"
BP	460	54	54	72	52	90	2	"
Com. Union	180	8	14	17	—	22	—	165p
Cons. Gold	600	90	1	110	20	130	—	637p
Cons. Gold	650	62	23	80	—	95	—	"
Cons. Gold	700	35	20	57	2	—	—	"
Courtaulds	60	10½	10	16	—	18	—	65p
Courtaulds	70	6	2	10	2	12½	—	"
GEC	460	135	—	156	10	—	—	588p
GEC	500	103	10	122	—	145	—	"
GEC	550	63	11	88	—	110	—	"
GEC	600	35	16	58	—	80	—	"
Grand Met.	130	44	51	—	—	—	—	166p
Grand Met.	140	35	23	39	—	45	—	"
Grand Met.	160	18½	37	27	1	31½	1	"
Grand Met.	180	8½	80	14½	—	—	—	"
ICI	330	32	14	40	1	48	—	340p
ICI	360	14	24	27	—	—	—	"
ICI	390	7	—	15	10	—	—	"
Land Secs.	323	87	10	—	—	—	—	395p
Land Secs.	390	34	30	53	—	64	—	"
Land Secs.	420	18	57	36	1	—	—	"
Marks & Sp.	100	22	10	28	—	31½	—	118p
Marks & Sp.	110	14	14	14	18	24	—	"
Marks & Sp.	120	7½	—	13	14	18	1	"
Shell	460	40	43	56	2	70	—	461p
Totals			650		118		4	
		November		February		May		
Imperial Gp.	70	7½	25	13½	—	15	—	76p
Imperial Gp.	80	2	26	6	106	9	—	"
Imperial Gp.	90	¾	—	2½	—	4½	2	"
Lonrho	114	6	10	14	—	—	—	116p
Lonrho	120	3½	35	11½	—	16	—	"
P. & O.	110	14½	—	22	1	26½	—	124p
P. & O.	130	3	—	10½	—	14	3	"
Racal Elec.	280	66	20	85	—	98	—	343p
Racal Elec.	300	46	—	67	20	85	—	"
Racal Elec.	330	22	4	47	—	64	—	"
Racal Elec.	360	8	1	31	—	46	—	"
RTZ	494	7	8	28	17	55	1	477p
Totals			128		144		6	

Singapore Para Rubber rises to £178,000

Taxable profits of Singapore Para Rubber Estates improved in the year to end-March, 1980, from £135,119 to £178,344 on turnover £115,020 higher at £646,589.

The dividend for the period is effectively raised from an equivalent 0.35p to 0.5p net per 5p share.

Tax rose from £69,000 to £89,200 leaving stated earnings per share of 0.81p, compared with 0.63p.

IN BRIEF

PHOTO-ME INTERNATIONAL (photographic studios) — Results for year ended April 30, 1980, reported October 10. Shareholders' interests £4.17m (£4.3m). Bank balances and cash £690,054 (£931,771). Bank overdrafts £1,35m (£760,025). Loans £75,896 (£285,614). Meeting, Fairmile Hotel, Cobham, Surrey, December 9, 6 pm.

H. J. BALDWIN AND COMPANY (clay and concrete manufacturer)—Results for year ended April 30, 1980, reported October 16. Shareholders' funds £1m (£979,297). Bank overdraft (unsecured) £679 (£456). Cash at bank and in hand £72,313 (£150,455). Company controlled by Hartley Baird. Meeting, Nottingham, November 26, 2.30 pm.

M. P. KENT (West Country residential and commercial property developer)—Results for the year to end-June 1980 and prospects reported October 9. Shareholders' funds £11.7m (£9 11m), bank overdrafts £5.6m (£6.33m), stock and building work in progress £9.63m (£8.1m), chairman's emoluments £36,000 (£24,000). Meeting: Bristol, November 21, noon.

SCOTTISH EUROPEAN INVESTMENT COMPANY—Interim dividend for six months to September 30, 1980 0.4p net (same) as announced on September 18. Net revenue £170,000 (£274,152), net asset value per share 50.9p (45.7p). Directors hope to maintain last year's total dividend of 1.65p.

GENERAL SCOTTISH TRUST—Interim dividend 1p (same). Pre-tax revenue for half year to September 30, 1980 £510,000 (£405,000), tax £74,000 (£63,000), tax credits applicable to franked investment income £110,000 (£86,000), earnings per share 1.63p (1.27p), net asset value per share 73p (64p). Estimated earnings per share for full year 2.95p (2.64p).

TRAFFORD PARK ESTATES (industrial and commercial property developer)—Results for year ended June 30, 1980 reported September 18. Shareholders' funds £20.04m (£19.74m). Bank overdraft (unsecured) £141,382 (£120,200), bank deposits £740,000 (£455,000), bank balances and cash £136,724 (£64,601). Chairman believes group will continue to increase its level of profits. Meeting, Manchester, November 18, noon.

BPM HOLDINGS (newspaper printer and publisher)—Results for 52 weeks ended June 28, 1980, reported October 9. Shareholders' funds £22 32m (£18.48m). Bank overdrafts £2.22m (£1.73m), cash, bank and short-term investments £1.96m (£3.43m). Loans £476,000 (£675,000). On CCA basis, pre-tax profits £3.78m (£4.32m) against historical £5.74m (£5.94m). Meeting, Birmingham, November 19, 12.30 pm.

GALLIFORD BRINDLEY (building, civil engineering)—Results for year ended June 30, 1980, reported September 26, in preliminary statement with prospects. Shareholders' funds £8.82m (£7.45m). Bank loan (secured) £333,336 (nil). Balance at bank £1.5m (£1.6m). Historic pre-tax profit, £3.16m, reduced to £2.18m on CCA basis. Meeting, Crick, November 19, 12.30 pm.

CHARTERHALL (investment with interests in natural gas and mineral exploration)—Results for year ended June 30, 1980, reported October 2. Shareholders' funds £3.14m (£3.19m). Bank balances £1 71m (£407,522). Advances, short-term deposits, bank loans and overdrafts nil (£469,012). Meeting, Chartered Accountants Hall, Moorgate Place, EC, November 27, 11.45 am.

LONDON AND STRATHCLYDE TRUST —Results for the year to August 31, 1980, announced October 10. Listed investments at market value in UK £8.5m (£7.1m), abroad £4.75m (£3.59m), unlisted at directors' valuation £680,066 (£428,593). Bank overdrafts secured £100,949 (nil), cash at banks nil (£284,939). Meeting: St. Mary Axe, EC, November 19, 3 pm.

MINING NEWS

Amax earnings beat 1979 record despite downturn in third quarter

BY KENNETH MARSTON, MINING EDITOR

DESPITE a turn-down in the third quarter, America's Amax diversified natural resources group has earned more in the first nine months of this year than the record $365m achieved for all of 1979.

Earnings for the third quarter of this year come out at $100.3m compared with $141.2m in the second quarter and $140.2m in the first three months. The nine months' total is thus $381.7m compared with $262.3m in the same period of last year.

Adverse factors in the third quarter have included lower lead prices and the effects of the U.S. copper industry strike. The latter began on July 1 and is now showing signs of disintegrating, but Amax is among the major copper producers which have yet to reach a wage settlement for the new three-year contracts.

Possibly more important is the less buoyant market for molybdenum which provides the mainstay of Amax fortunes. Free market prices have dipped below the company's selling price of $9.20 per lb for concentrates.

Earlier this month Mr. Pierre Gousseland, chairman and chief executive of Amax, said that molybdenum was in "a short-term situation where supply has caught up to, and in some cases passed, demand." But he added that it still provided strong support for the company.

Furthermore, in his latest comments on the company's earnings for the first nine months of this year, Mr. Gousseland says that those from molybdenum have increased over the period because of improved prices partly offset by higher operating costs.

Of the other income sources, those from coal have increased in line with higher profit margins and shipments. Earnings from tungsten, oil and gas, iron ore and potash have also risen.

In addition, there has been the contribution of Rosario Resources, acquired a year ago, and the more recent $200m phosphate industry purchase.

On the other hand, lead and zinc revenue has declined owing to reduced prices and sales. Higher charges for depreciation, exploration and administration have also come into the picture and interest payments have increased.

Mr. Gousseland comments that the group's overall "excellent performance this year, on top of the last two record net earnings years, demonstrates the benefits of our long-range programme of capital investment and diversification," adding that over the past ten years capital spending has totalled more than $5bn.

In the light of this strong diversified earnings base he says "we are confident that we will maintain strong earnings over the next decade." There is no reason to argue with that view, but in the near term it may be as well to keep a wary eye on the course of the market for molybdenum as well as that for other base metals.

CSR finds more molybdenum at Mount Pleasant

THE MAJOR Australian industrial and mining group CSR has released further details of its potentially large molybdenum deposit at Mount Pleasant, near Mudgee in New South Wales.

The company said yesterday that drilling work is continuing, and it is still intersecting molybdenite, the ore from which molybdenum is produced, in stockwork form.

This term means that the ore is present in the rock as a mesh of narrow veinlets, a form which is common to other major molybdenum deposits elsewhere in the world.

CSR made the original discovery in September 1979, when three diamond drills revealed large intersections of ore with grades ranging up to a high of 0.66 per cent molybdenum disulphide.

The results of three more test drillings were released in July of this year, when it was reported that some sections graded as high as 0.1 per cent.

In its latest quarterly report on exploration, CSR said that two further holes showed assays between 0.05 and 0.07 per cent molybdenite and between 0.06 and 0.1 per cent respectively. The presence of further areas of high-grade mineralisation suggests that the deposit may well prove viable as a mining operation.

Elsewhere, CSR is rapidly expanding its exploration activity for oil-shale deposits. The company has several permits to explore areas around its main prospect in Julia Creek, northern Queensland, and another covering an area of the Alton Downs, near the Rundle deposit.

CSR is carrying out a preliminary feasibility study on the Julia Creek deposit, which the company estimates to contain 4bn barrels of oil compared with 2.2bn for Rundle.

Beond that, CSR is still evaluating seismic data from the Pearl River Basin, offshore China, before deciding whether to bid for petroleum exploration rights in the area.

Gold price boost for Homestake

HELPED BY a $336 an ounce increase in the average price received for gold to $608, America's largest gold producer, Homestake Mining, has almost doubled profits for the first nine months of 1980.

Net profit for the nine months was $84.03m (£34.58m), compared with $42.05m for the comparable period of 1979. Third quarter net profit was $27.01m or $1.59 a share against $19.21m or $1.13 a share for the third quarter of the previous year.

Operating earnings from gold, including Homestake's 48 per cent stake in the Mount Charlotte mine in Western Australia, leapt from $8.94m in the first nine months of 1979 to $76.66m, while the contribution from the Bulldog silver mine was more than doubled at $11.91m.

Mr. Harry M. Conger, president and chief executive, said that higher precious metal prices were primarily responsible for the continuing strong results.

Lower lead prices producer a 20 per cent fall in the contribution from lead and zinc, while start-up and other costs at the Pitch uranium mine in Colorado cut operating earning from uranium.

OIL AND GAS NEWS

Superior's Gulf of Mexico gas discovery

BY STEPHEN THOMPSON

A SIGNIFICANT natural gas field has been discovered in the Gulf of Mexico by America's Superior Oil and Pennzoil. ... ...

The field is located on Sabine Pass Block No. 3 and is currently producing at a rate of 27m cu ft of gas a day from six wells.

A further six wells have been drilled in the block, five of which have encountered gas bearing zones and will be producing by mid-1981.

Superior and Pennzoil each have a 50 per cent interest in the new discovery.

* * *

Australia's Abrolhos Oil and Investments reports that indications of hydrocarbons have been encountered in the Barcoo Junction No. 1 exploration well in the north-east section of Queensland's Cooper basin.

The indications were located at a depth of 6,500 to 8,100 ft. Target depth is 12,500 ft. Logs are being run over the zones of interest.

Abrolhos is earning a 10 per cent interest in Authority to Prospect 240p by funding the well.

* * *

A unit of the Houston, Texas-based El Paso Company has made two natural gas discoveries in Washita County, Oklahoma.

The first find was made by the Ira Johnson No. 1 wildcat well which flowed at a rate of 4.78m cu ft of gas a day from the interval between 16,790 to 16,806 ft.

The second well, the O'Donnell extension well tested gas at 7.9m cu ft a day.

El Paso has a 79 per cent interest in the Ira Johnson well and a 77 per cent interest in the O'Donnell well.

* * *

The McKee No. 2 oil well in North Taranaki is a commercial proposition according to Petrocorp, the New Zealand Government oil exploration company.

Preliminary production tests confirmed McKee as a commercial well with production rates of 500 to 1,700 barrels of oil a day and 700,000 to 900,000 cu ft of natural gas.

Detailed reservoir tests will determine the best sustained commercial production rate. The reservoir investigation programme will include a 32 km seismic programme over the area and further geological analysis.

BIDS AND DEALS

Dorrington Invest. gets bid approach

Dorrington Investment Co., the property dealer, investor and developer, has requested a suspension of its listing on news of a bid approach.

After turning in higher profits for the first half of 1980/81 the company announced that it had received "an approach which may or may not" lead to an offer being made for its capital. At the suspension price of 114p the company is valued at £6.95m.

Mr. Manfred Gorvey, a joint managing director, said yesterday that a further announcement would be made as soon as possible but "certainly by next Monday."

Dorrington is controlled by London Consolidated Investments with 50.04 per cent. Another large holder in the company is Waltonite with 12.77 per cent.

For the half year ended September 30, 1980, the company report pre-tax profits 17 per cent higher at £529,000 and says that all indications point to a second half result at least equal to this figure. Gross rents in the half year rose from £378,000 to £553,000, while sales of property and contracting showed a decline from £3.2m to £2.55m.

The interim dividend is increased from 1.9p to 2.1p — last year a total of 4p was paid from pre-tax profit of £1.01m. Both the rise in profits and dividend were foreshadowed in the last annual statement.

Mr. Manfred Moross, chairman, says in his interim statement that contrary to the general trend in the residential market, the company managed to increase sales in this sector in the half-year. In addition, the building division has a full order book and continues to trade satisfactorily.

The chairman says that in the half year a freehold parade of 11 shops and 22 flats was purchased in Twickenham, and a further phase of the development of 28,000 sq ft of industrial space was completed at the Castle Donnington estate.

Half this area has already been let and negotiations are in progress for the letting of the remaining unit to an international engineering company.

Mr. Moross says that due to the demands for industrial space for this estate the group has started a fourth stage of development, to consist of a further six units totalling 40,000 sq ft.

GLOBE INV.

Following the reduction in Globe Investment Trust's shareholding in Electra Investment Trust from 74 per cent to 27 per cent, Globe no longer has a notifiable interest in Alpine Holdings or Barker and Dobson. The previous interests were 5.8 per cent and 5.126 per cent respectively.

Electra has a notifiable interest of 5.43 per cent in Alpine and 6.67 per cent in Barker and Dobson. Globe and Electra have an equal 7.71 per cent holding in Benford.

W. GOODKIND

W. Goodkind and Sons has received acceptances on all 15,000 ordinary shares in Parkdale Mercantile.

AMBER DAY

Agreement has been reached between Amber Day Holdings, clothing manufacturer and retailer, and Mr. John Goodman, director of Dennis Day (International), for the sale of his 25 per cent holding in the company to Amber, which already owns the other 75 per cent.

Mr. Ronald Metzger, chairman of Amber Day, says the agreement is conditional upon shareholders' approval and the pre-tax profits of Dennis Day, for the nine months ending January 31, 1981, being not less than £100,000.

The initial consideration comprises of £86,500 in cash, payable on completion, which will take place seven days after delivery of an auditors certificate of such profits, to be issued not later than April 30, 1981.

Further cash sums are due, equivalent to 25 per cent on Dennis Day's profits after tax, for the years ending May 2, 1981 and May 1, 1982, payable not later than October 31 in each year.

Amber has advanced £46,500 to Mr. Goodman on the security of his holding in Dennis Day, which will be repaid out of the sale consideration.

Profits of Dennis Day amounted to £211,467 for the year ended May 3, 1980 — there was no tax charge — compared with profits after tax of £100,602 previously. Net tangible assets as at May 3, 1980 were £312,334 (£100,867), of which the 25 per cent minority interest was equivalent to £78,083 (£25,217).

No dividends have been paid by Dennis Day to date.

NO PROBE

The proposed acquisition by Mining Supplies of Laurence Scott is not to be referred to the Monopolies and Mergers' Commission.

H. GOLDMAN

Mr. Harvey Michael Ross, the Yorkshire financier, has increased his holding in the capital of H. Goldman Group. He now holds 161,104 shares—equal to 7 per cent.

ADVANCE SERVICES

Advance Services, formerly Advance Laundries, has acquired Clarks of Retford from Clarks Dyeworks.

Clarks' business comprises laundry, dry cleaning and textile rental services, including the Advance Towelmaster service, which Clarks has operated in its trading area as agents of Advance for over 20 years.

Giltspur offer on as Maxwell Joseph confirms acceptance

BY RAY MAUGHAN

Transport Development Group has waived the condition that its proposed £22m offer for Giltspur should be agreed by the Board and has decided to proceed with the bid which comprises 100 of its own ordinary shares and £54 nominal 9¼ per cent unsecured loan stock 1995-2000 for every 100 Giltspur shares.

The terms have been resisted by the executive Board of Giltspur on the grounds that they have inadequate but TDG is going ahead in the knowledge that a non-executive director and former chairman, Mr. Maxwell Joseph, is standing by the undertaking given to the bidder last week that he will accept the 116p per share equity and loan stock bid in respect of his 23 per cent stake.

Giltspur had described its Board meeting last Friday to reject the terms, which Mr. Joseph attended, as "full and amicable" but a spokesman for the chairman of Grand Metropolitan said yesterday that Mr. Joseph was still prepared to accept, on the same conditions, although he was unwilling to comment further.

Transport Development expects to post its formal offer to Giltspur shareholders early next month which will give Giltspur ample time to bring forward its interim results, normally expected at the end of November.

The City is forecasting significant growth from the industrial services group and outside estimates put profits for the year to end-March next at around £5.2m against £4.57m. But, as one banker observed yesterday: "Mr. Maxwell's acceptance gives TDG a 23-yard start in a 100-yard race."

Giltspur shares were unchanged yesterday at 112p which ignores, for the time being, the rumoured possibility that a counter-bidder will show its hand.

Pentos eager for EOI offshoot

IN the formal offer document in connection with its £1.8m agreed bid, Pentos confirms that English and Overseas Investments' largest trading subsidiary, Athena, was the main reason for the offer.

Mr. Terry Maher, the Pentos chairman, says that Athena, which operates as a publisher, wholesaler and retailer of fine art reproductions, posters, greeting cards and stationery, has much to offer the bookselling and publishing businesses of Pentos.

Athena operates 24 retail galleries in the UK, two in Holland and one each in Germany and Canada. Through its growing wholesale business products are now also sold through 6,000 outlets at home and overseas.

Referring to EOI's other trading business, Metalair, Mr. Maher says that although this company has no synergy with Pentos' own engineering products, it can meet the main Pentos corporate objectives. However, if a suitable buyer for the company is found it may be sold—otherwise it will be held as an independent business within the group.

DERITEND STAMPING HAYES SHELL-CAST

Deritend Stamping has acquired the whole of the issued share capital of Hayes Shell-Cast for a nominal consideration.

This company is a specialist foundry with some £2¼m turnover per annum.

TECHNICAL TRANSLATION

Technical Translation International, the UK translation company, has acquired the business of Mandrigan Translations, another translation company in this country dealing in Russian translations.

EAGLE STAR HLDGS. SHIELD INSURANCE

Eagle Star Holdings has received the following acceptances to its offer for Shield Insurance Company: the partly paid ordinary offer—17,147 shares, 8.6 per cent of such shares in issue and 8.7 per cent of those shares the subject of the offer;

The fully paid ordinary offer —271 shares, 0.1 per cent of such shares in issue and 0.6 per cent of those shares the subject of the offer;

The preferred "B" ordinary offer—700 shares, 6.5 per cent of such shares in issue and 12 per cent of those shares the subject of the offer.

Prior to the offers on July 31, 1980, Eagle Star was beneficially interested in 2,600 ordinary shares (1.3 per cent), 326,524 ordinary fully paid shares (87.6 per cent), 20,000 Preferred "A" ordinary shares (100 per cent) and 5,020 Preferred "B" ordinary shares (46.3 per cent). The offers have now closed.

JEFFERSON SMURFIT

Jefferson Smurfit is purchasing 675,481 shares or 29.6 per cent of Alton Box Board company's outstanding shares pursuant to its tender offer for Alton stock which has expired.

The purchase of these shares will bring Smurfit's ownership of Alton stock from the 51 per cent it had owned prior to commencement of the offer, to 80.6 per cent.

ASSOCIATES DEAL

J. Henry Schroder Wagg and Co., who advise Bass, purchased 10,000 Bass ordinary shares at 214p on October 24, on behalf of discretionary clients, and 50,000 at 211½p on October 23.

Morgan Grenfell and Co, adviser to Armitage Shanks Group, on October 24 sold on behalf of a discretionary client 18,500 ordinary shares of Blue Circle Industries at 332p.

CURRENCIES, MONEY AND GOLD

Dollar strong

A further rise in Eurodollar interest rates and speculation about higher domestic U.S. rates, including bank prime rates and the Federal Reserve discount rate, kept the dollar very firm in the foreign exchange market yesterday. The U.S. currency rose to a six-month peak against the D-mark, finishing at DM 1.8930, compared with DM 1.8795, after touching DM 1.8990. It advanced to SwFr 1.7075 from SwFr 1.6990 in terms of the Swiss franc, but eased slightly to Y213.15 from Y213.70 against the yen, to finish roughly in line with the earlier close in Tokyo.

The dollar's trade-weighted index, as calculated by the Bank of England, rose to 85.4 from 85.1, while sterling's index was unchanged at 78.9, after opening at 78.9 and easing to 78.8 at noon.

The pound opened at $2.4325-$2.4335 and dipped below $2.43 but returned to that level at noon. In the afternoon sterling fell to $2.4260-2.4270, reflecting the heavy demand for the dollar. Towards the close buying of sterling—possibly as a result of the statement by the Prime Minister about the need for high interest rates—pushed the rate up to $2.4355-2.4365 at the close, a fall of 15 points on the day.

Support was required to keep the D-mark within the agreed limits of the European Monetary System, and the German unit was also very weak against sterling.

D-MARK — Second weakest member of the European Monetary System and lower against the dollar on interest rate differentials. The German currency is around a six-month low against the dollar, and a four-year low in terms of sterling—The Bundesbank gave support to the D-mark at yesterday's Frankfurt fixing. The German authorities sold FFr 30.9m when the French franc was fixed at its ceiling of DM 43.415 per 100 francs. Earlier in the day it was reported from Paris that the D-mark fell below its floor against the franc. Sterling and the dollar were also very strong, with the pound rising to DM 4.6010 from DM 4.5930 at the fixing, the highest level since July 13, 1976. The dollar was fixed at DM 1.8922, up from DM 1.8780, and the highest fixing level since April 8. The Bundesbank did not sell dollars at the fixing, but intervened to slow the D-mark's fall against the U.S. currency in the open market.

BELGIAN FRANC—One of the weaker members of the EMS, but under no heavy pressure thanks to the low level of the D-mark—The Belgian franc lost ground to the dollar and most other major currencies at the Brussels fixing, as the director general of the International Monetary Fund warned Belgium of the absolute necessity of controlling its growing balance of payments and public spending deficits. The dollar rose to BFr 30.30 from BFr 30.08 at the fixing, and sterling to BFr 73.675 from BFr 73.5625. EMS currencies were also generally firm, although the French franc eased to BFr 6.9515 from BFr 6.9520.

JAPANESE YEN—Showing a slightly easier trend recently, after a steady advance since late August based on the marked improvement in Japan's economic performance—The yen showed renewed strength in active Tokyo trading. The dollar fell to Y213 from Y214.20, after opening at Y214.40 and touching a peak of Y214.90. Profit taking and caution following the dollar's recent rise drove down the U.S. currency, which weakened to a low of Y212.85 shortly before the close.

THE POUND SPOT AND FORWARD

Oct. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.4260-2.4370	2.4355-2.4365	0.47-0.37c pm	2.07	0.98-0.88 pm	1.53
Canada	2.8530-2.8630	2.8600-2.8610	1.20-1.10c pm	4.82	3.15-3.05 pm	4.33
Nethlnd.	4.96-4.99½	4.98½-4.99½	3½-2½c pm	7.21	9¼-8¼ pm	6.91
Belgium	73.30-74.00	73.90-74.00	30-20c pm	4.06	80-70 pm	4.06
Denmark	14.07-14.18	14.16¾-14.17¾	6-4½ore pm	4.39	6½-4½ pm	1.55
Ireland	1.2190-1.2265	1.2250-1.2260	0.49-0.40p pm	4.38	0.79-0.69 pm	2.41
W. Ger.	4.58-4.62	4.60½-4.61½	3½-2½pf pm	8.13	9¼-8¼ pm	7.70
Portugal	124.30-125.10	124.85-125.05	5c pm-33 dis	−1.34	5 pm-80 dis	−1.20
Spain	182.50-183.10	183.00-183.10	145-200c dis	−11.31	405-485 dis	−9.72
Italy	2170-2181	2179½-2180½	2¾-4¾lire dis	−2.06	21-24 dis	−4.13
Norway	12.02-12.07	12.05½-12.06½	6½-4⅞ore pm	5.47	12⅞-11½ pm	4.04
France	10.57-10.63	10.61½-10.62½	5¼-4¼c pm	5.93	14-13 pm	5.08
Sweden	10.31-10.37	10.36-10.37	½ore pm-¼ dis	0.14	¼ pm-1 dis	−0.14
Japan	517-523	519-520	2.85-2.70y pm	6.52	8.80-8.55 pm	6.68
Austria	32.45-32.65	32.60-32.65	15-13gro pm	5.33	41-37 pm	4.78
Switz.	4.13-4.17	4.15¾-4.16¾	4⅞-3⅞c pm	12.61	11¼-10¼ pm	10.69

Belgian rate is for convertible francs. Financial franc 74.05-74.15. Six-month forward dollar 1.37-1.27c pm. 12-month 1.50-1.40c pm.

THE DOLLAR SPOT AND FORWARD

Oct. 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.4260-2.4370	2.4355-2.4365	0.47-0.37c pm	2.07	0.98-0.88 pm	1.53
Ireland†	1.9870-1.9295	1.9870-1.9900	0.30-0.40c dis	−2.11	0.40-0.50dis	−0.90
Canada	1.1746-1.1760	1.1754-1.1757	0.28-0.24c pm	2.65	0.71-0.66 pm	2.33
Nethlnd.	2.0425-2.0495	2.0465-2.0475	0.95-0.85c pm	5.27	2.78-2.68 pm	5.33
Belgium	30.20-30.36	30.34-30.36	8-6½c pm	2.87	22-18 pm	2.64
Denmark	5.7985-5.8190	5.8175-5.8190	1-½ore pm	1.55	½-¼ dis	−0.51
W. Ger.	1.8820-1.8990	1.8925-1.8935	0.93-0.88pf pm	5.74	2.96-2.91 pm	6.20
Portugal	51.19-51.37	51.27-51.37	8-23c dis	−3.62	22-55 dis	−3.12
Spain	75.13-75.26	75.22-75.26	80-95c dis	−13.95	190-220dis	−10.90
Italy	892.50-895.75	894.60-894.80	3-3¾lire dis	−4.53	12½-14 dis	−5.92
Norway	4.9470-4.9530	4.9520-4.9530	1.60-1.10ore pm	3.27	3.40-2.90 pm	2.54
France	4.3450-4.3710	4.3600-4.3625	1.40-1.30c pm	3.72	4.05-3.95 pm	3.57
Sweden	4.2445-4.2570	4.2560-4.2570	0.50-0.65ore dis	−1.62	2.20-2.35dis	−2.14
Japan	212.60-213.50	213.10-213.20	0.75-0.60y pm	3.80	2.75-2.60 pm	5.02
Austria	13.35½-13.41	13.28½-13.39½	3.80-3.30gro pm	3.18	11.00-9.50 pm	3.06
Switz.	1.6985-1.7130	1.7070-1.7080	1.41-1.36c pm	9.73	3.95-3.90 pm	9.19

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Oct. 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	78.9	−26.4
U.S. dollar	85.4	−6.4
Canadian dollar	80.4	−17.7
Austrian schilling	150.8	+22.7
Belgian franc	113.1	+11.7
Danish kroner	103.7	−6.7
Deutsche mark	149.3	+40.7
Swiss franc	194.4	+79.3
Guilder	124.6	+18.9
French franc	99.0	−6.9
Lira	514	−52.2
Yen	13 5.5	+33.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Oct. 24	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	16	0.531076	0.558558
U.S. $	11	1.29811	1.36512
Canadian $	11.76	1.52138	1.59869
Austria Sch.	6¾	17.2584	18.1356
Belgium F.	12	39.0471	41.0627
Danish K.	11	7.49334	7.88150
D'mark	7½	2.43785	2.56464
Guilder	8	2.63906	2.77474
French Fr.	9½	5.61822	5.90891
Lira	16½	1154.02	1213.59
Yen	8.25	276.368	291.657
Norwgn. Kr.	9	6.40682	6.74095
Spanish Pta.	8	97.2933	102.343
Swedish Kr.	10	5.48646	5.77171
Swiss Fr.	3	2.19251	2.30732

OTHER CURRENCIES

Oct. 28	£	$		£ Note Rates
Argentina Peso	4740-4760	1946-1953	Austria	32.30-32.60
Australia Dollar	2.0795-2.0835	0.8545-0.8550	Belgium	73.15-73.85
Brazil Cruzeiro	144.40-145.40	59.595-59.795	Denmark	14.05-14.17
Finland Markka	9.06-9.07	3.7365-3.7375	France	10.53-10.61
Greek Drachma	104.511-107.008	42.95-43.10	Germany	4.58-4.68
Hong Kong Dollar	12.31½-12.33	5.0690-5.0710	Italy	2160-2245
Iran Rial	n.a.	n.a.	Japan	517-523
Kuwait Dinar(KD)	0.651-0.657	0.2688-0.2689	Netherlands	4.95-4.99
Luxembourg Frc.	73.90-74.00	30.34-30.36	Norway	12.01-12.13
Malaysia Dollar	5.2290-5.2390	2.1520-2.1540	Portugal	123-136
New Zealand Dlr.	2.4915-2.4965	1.0230-1.0240	Spain	177-188¼
Saudi Arab. Riyal	8.04-8.10	3.3205-3.3220	Sweden	10.29-10.41
Singapore Dollar	5.0730-5.0830	2.0880-2.0900	Switzerland	4.11¾-4.15¾
Sth. African Rand	1.8255-1.8270	0.7495-0.7500	United States	2.42¼-2.43¼
U.A.E. Dirham	8.94-9.00	3.6885-3.6900	Yugoslavia	77-80

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 28	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.0847	+3.25	+0.88	±1.53
Danish Krone	7.72336	7.88322	+2.07	−0.30	±1.64
German D-Mark	2.48208	2.56882	+3.41	+1.04	±1.125
French Franc	5.84700	5.91275	+1.12	−1.25	±1.3557
Dutch Guilder	2.74362	2.77598	+1.18	−1.19	±1.512
Irish Punt	0.668201	0.680890	∓1.91	−0.46	±1.668
Italian Lira	1157.79	1212.67	+4.74	+2.56	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Oct. 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.436	4.613	519.5	10.62	4.163	4.990	2180.	2.861	73.95
U.S. Dollar	0.411	1.	1.893	213.3	4.360	1.709	2.048	894.9	1.174	30.36
Deutschemark	0.217	0.528	1.	112.6	2.302	0.902	1.082	472.6	0.620	16.03
Japanese Yen 1,000	1.925	4.689	8.879	1000.	20.44	8.013	9.605	4196.	5.506	142.3
French Franc 10	0.942	2.294	4.343	489.2	10	3.919	4.699	2053.	2.694	69.63
Swiss Franc	0.240	0.585	1.108	124.8	2.551	1.	1.199	523.7	0.687	17.77
Dutch Guilder	0.200	0.488	0.924	104.1	2.128	0.834	1.	436.9	0.573	14.82
Italian Lira, 1,000	0.459	1.117	2.116	238.3	4.873	1.909	2.289	1000.	1.312	33.92
Canadian Dollar	0.350	0.852	1.612	181.6	3.713	1.455	1.744	762.1	1.	25.85
Belgian Franc 100	1.352	3.294	6.237	702.5	14.36	5.629	6.748	2948.	3.868	100.

FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 7/8	offer 15	bid 14 9/16	offer 14 11/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market Closing Rates)

Oct. 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	—	13-13¼	13-14	8⅞-9	¾-1	8⅝-8⅞	10¾-11	14-17	13 7/16-13 9/16	13¾-14¼
7 days' notice	17½-17¾	13¼-13½	13-14	8 11/16-9⅛	8-8½	8 11/16-8 13/16	10¾-11	18-20	13⅝-13¾	10½-11
Month	17⅛-17⅜	14¾-15	11⅞-12¼	9 1/16-9 3/16	4 13/16-4 15/16	8 11/16-8 13/16	11-11¼	19-20	14¾-14⅞	10-10¼
Three months	16⅝-16⅞	14⅞-15⅛	12⅜-12¾	9 1/16-9 3/16	5 7/16-5 9/16	8 11/16-8 13/16	11⅜-11⅝	20¾-21¼	14 11/16-14 13/16	9⅝-9⅞
Six months	15⅞-16	14⅝-14⅞	12 15/16-13 1/16	9 5/16-9 7/16	5 11/16-5 13/16	8¾-8⅞	12-12¼	21-22	14 9/16-14 11/16	9⅛-9⅜
One Year	14¾-14⅞	14-14¼	12¾-13⅛	9½-9⅝	5 9/16-5 11/16	8⅝-8¾	12½-12⅞	21¼-22¼	13⅞-14	9-9¼

Long-term Eurodollar two years 13¼-13⅜ per cent; three years 13¼-13½ per cent; four years 13¼-13½ per cent; five years 13¼-13½ per cent nominal closing rates. Short-term rates are call for sterling U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificate of deposit: one-month 13.80-13.90 per cent; three-months 14.50-14.60 per cent; six months 14.50-14.60 per cent; one year 13.55-13.75 per cent.

INTERNATIONAL MONEY MARKETS

Europe rates firm

European interest rates were generally firmer yesterday, while Eurodollar rates continued to rise. U.S. domestic rates have shown a marked upward trend recently with yields at the last Treasury bill auction the highest for six months.

In Frankfurt rates were little different yesterday from the beginning of the month, with call money steady at around 9.10 per cent. Term rates were firmer on the day at 9.15-9.30 per cent compared with 9.00-9.20 per cent for one month; 9.15-9.30 per cent against 9.00-9.20 per cent for three-month; 8.95-9.05 per cent compared with 8.70-8.90 per cent for six-month; and 8.90-9.00 per cent against 8.60-8.80 per cent for 12-month.

French rates have declined during the month, helped by the strength of the franc, which remained at the top of the European Monetary System yesterday. Paris rates were unchanged on the day however, with call money steady at 10¾ per cent.

In Brussels call money fell to 10-11½ per cent from 11-12½ per cent, but period rates were ¼ per cent firmer throughout.

In Amsterdam call money also declined, to 8¾-9 per cent from 9½-9¾ per cent, while one-month was quoted at 9¼-9½ per cent compared with 9¼-9½ per cent. Longer-term rates were about ¼ per cent firmer, with three-month rising to 9¼-9½ per cent and six-month to 9½-9¾ per cent.

UK MONEY MARKET

Further surplus

Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)

Day-to-day credit remained in ample supply in the London money market yesterday and once again the Bank of England absorbed part of the surplus by selling a small amount of Treasury bills to the discount houses.

The only major factor influencing trading was the surplus balances brought forward by the banks, and to a large extent the surplus seems to have remained with the banks and will probably be carried over into today. In early dealings the houses found money at around 14 per cent, as some banks continued to offer funds in order to achieve their correct reserve asset ratios. Later in the day houses were forced to pay up to 15-15½ per cent to balance their books if they were still short of funds.

In the interbank market overnight loans opened at 16¾-17 per cent and eased 15¾-16¼ per cent, but generally traded around 16½-17 per cent, before closing at 16¼ per cent.

GOLD

Slight fall

Gold fell $4 to $630-633 in the London bullion market yesterday. Trading was quiet, with the metal also opening at $630-633. It touched a low point of $629½-631, and a peak of $633-634½. Gold was fixed at $631 in the morning and $631.75 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 89,430 per kilo ($637.46 per ounce) in the afternoon, compared with FFr 89,800 ($642.45) in the morning, and FFr 88,940 ($639.16) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 38,350 per kilo $631.47 per ounce), compared with DM 38,335 ($634.51) previously, and finished at $631-633 against $636½-638½ on Monday.

In Zurich gold closed at $631-634, against $636-639 previously.

	Oct. 28		Oct. 27	
Gold Bullion (fine ounce)				
Close	$630-633	(£258½-259¾)	$634-637	(£260-261½)
Opening	$630-633	(£259-260¼)	$660-633	(£256½-257¾)
Morning fixing	$631	(£259.191)	$633.50	(£259.143)
Afternoon fixing	$631.75	(£259.712)	$637.25	(£260.954)
Gold Coins				
Krugerrand	$650-652	(£267-268)	$653-655	(£268-270)
1/2 Krugerrand	$333-337	(£135-139)	$336-341	(£137-141)
1/4 Krugerrand	$168-172	(£68-71)	$169-174	(£68-72)
1/10 Krugerrand	$69-71	(£27½-29½)	$69½-72½	(£28-30)
Mapleleaf	$644-648	(£263-266)	$648-652	(£265¼-269¼)
New Sovereigns	$160-161	(£65¾-66¾)	$160½-161½	(£66-67)
King Sovs.	$179-181	(£73½-75)	$181-183	(£74¼-75¾)
Victoria Sovs.	$179-181	(£73½-75)	$181-183	(£74¼-75¾)
French 20s	$163½-167½		$164-167	
50 pesos Mexico	$786-789		$792-795	
100 Cor. Austria	$616-620		$619-623	
$20 Eagles	$743-747		$749-755	

LONDON MONEY RATES

Oct. 28 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	15¼-17	16¼-16½	—	—	16¾	14-15¼	—	—	—
2 days notice	—	—	17¼-17⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17-17⅜	17⅛-17¼	—	17½	—	14¾-15⅛	—	—	—
One month	16 7/16-16 5/16	16⅞-17⅛	16⅞-17	17½-17¾	17¼	17⅛	14¾-15⅛	14 3/16	16 7/16-16⅝	17
Two months	16½-16 7/16	16½-16 9/16	—	16½-17	16⅞	17	14⅝-14¾	14⅜	15 15/16-15 13/16	15⅝
Three months	16 1/16-16	16 1/16-16 3/16	16¼-16⅝	16-16⅜	16¾	16 5/32-17	14⅜-14½	14⅛-14¼	15⅛-15¼	15⅞
Six months	15⅜-15 7/16	15 7/16-15⅝	15-15½	15-15⅜	15⅞	16	—	—	14-14 1/16	14¾
Nine months	14⅝-14 11/16	14⅝-15	—	14¾-15⅛	15	15¼	—	—	—	—
One Year	14⅛-14	14⅛-14½	14¼	14¼-14½	14⅝	15	—	—	—	—
Two years	—	—	13⅝-13¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 13⅝-13¾ per cent; four years 13⅝ per cent; five years 13⅝ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15-15⅛ per cent; four-months trade bills 15⅜ per cent.

Approximate selling rate for one-month Treasury bills 14¼-14⅜ per cent; two-months 14⅛-14¼ per cent; three-months 14-14⅛ per cent. Approximate selling rates for one-month bank bills 16⅛-16¼ per cent; two months 15 15/32-15 17/32 per cent; three months 14⅞-15⅛ per cent; one-month trade bills 16¾ per cent; two-months 16⅛ per cent and three-months 15⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 13.3334 per cent.

MONEY RATES

NEW YORK	
Prime Rate	14
Fed Fund	13¼-13½
Treasury Bills (13-week)	12.42
Treasury Bills (26-week)	12.45
GERMANY	
Discount Rate	7.50
Overnight Rate	9.10
One month	9.225
Three months	9.225
Six months	9.00
FRANCE	
Discount Rate	9.5
Overnight Rate	10.875
One month	11.1875
Three months	11.5
Six months	11.875
JAPAN	
Discount Rate	8.25
Call (Unconditional)	11.0
Bills Discount (three-mth.)	10.53125

UK NEWS

CBI quarterly survey of industrial trends

Substantial reduction of demand reported by manufacturers

John Elliott, our Industrial Editor, interprets the authoritative quarterly study which documents a continuing drop in trade, jobs and investment

ACTIVITY in manufacturing industry is continuing to decline. There has been a further substantial drop in demand. This is the main conclusion of the Confederation of British Industry's quarterly industrial trends survey, published this morning.

The CBI has canvassed the views of nearly 2,000 manufacturing companies between September 26 and October 15, and found that under-utilisation of capacity is more widespread now than at any time since the survey started to cover this topic in 1958.

Companies are shedding labour at a faster rate than at any time for 20 years. They will continue to do so in the next few months.

But manufacturing industry has begun to be successful in reducing stocks of finished goods as well as raw materials.

Output and orders are expected to weaken further. But at a slower rate than in the past four months.

General business optimism has continued to decline, although the extent of the decline is not as widespread as in July.

Slow price rise

Domestic selling prices are continuing to rise more slowly, and export prices have fallen during the past four months. Export deliveries and orders and export prices have fallen sharply. A further decline is forecast.

Corporate liquidity is reported to have deteriorated during the past year, but by no more than during the year to April. It is now expected to continue to worsen until the end of the financial year.

Each CBI survey since July, 1979, has shown a steady decline in capacity utilisation; and 84 per cent of the 2,000 companies surveyed are now working below a satisfactory full-rate of operation. This is the worst result since 1958.

"The spread of under-utilisation over the last year has been rapid, and is indicative both of the speed with which the recession has affected manufacturing industry and also its severity," says CBI.

Below-capacity working is more frequent among companies in the intermediate goods industries, particularly metal manufacturing, than in consumer and capital goods companies. Larger businesses employing more than 500 people report the worst results.

Declining output

The sector known as "other vehicles," which covers aerospace and railway engineering, is the only individual industry where more than half the respondents (eight out of 16) say that they are working at a satisfactory rate of operation.

In line with these capacity working results, a record proportion of the total participants report a declining volume of output. Only 7 per cent report a rise in volume of output during the past four months, while 56 per cent report a fall. The results suggest a faster fall than in 1975.

The volume of stocks of raw materials and bought-in supplies and work in progress are reported to have been reduced in the past four months, and de-stocking will continue at a rapid rate.

In each of the surveys, manufacturers have stated their intention to reduce the volume of finished goods stocks, but have subsequently reported a small rise. This has been accompanied by a steadily rising proportion of companies indicating that finished goods stocks are more than adequate, implying that the failure to destock had been at least partly involuntary.

Successful cuts

The results of this survey, however, point to companies successfully reducing finished goods stocks. A record number expect further reductions within the next four months.

"This is not necessarily surprising, given the apparent frustration of intentions over the last 15 months, and the proportion of companies assessing their volume of stocks of finished goods (36 per cent) to be more than adequate," says CBI.

Nearly 95 per cent of the companies expect a shortage of sales and orders to limit the volume of their output over the next four months. This is the highest figure since the question was first asked 20 years ago.

Only 7 per cent of the respondents are more optimistic about their export prospects for the coming year than they were in July. Just over 50 per cent report that there is no change, while 41 per cent are less optimistic.

Falling confidence

This does not represent as sharp a decline as that of three months ago. Nevertheless, the reduction in confidence is widespread, with only three individual industries indicating increased optimism, the most pronounced of which is agricultural machinery.

A balance of minus 49 per cent report a decline rather than an increase, in their volume of new export orders. This suggests a rather more rapid fall than in July, when the balance was minus 40 per cent.

For the first time since October, 1967, more companies —26 per cent—have reported lower rather than higher export prices.

The tendency towards less frequent export price rises has emerged in this year's surveys. "This probably owes more to the pressures on UK competitiveness than to reductions in the rate of cost inflation, and thus has very important and adverse implications for the profitability of exporting activities," comments CBI.

Against this background, companies are carrying out "a labour shakeout at an unprecedented rate in comparison with the last 20 years." This is expected to continue no less rapidly over the next few months.

Shrinking jobs

A balance of minus 64 per cent report the employment of fewer rather than more people in their companies, compared with minus 50 per cent in July. A balance of minus 65 per cent forecast further reductions over the next few months.

Falling employment levels are reported in each individual industry, with the exception of constructional steelwork, shipbuilding and marine engineering, and other vehicles. Over the next four months, falls are forecast by all industries, without exception.

The survey points towards slowing cost inflation, but the reduction in price inflation is much more dramatic. Over the past four months, 29 per cent of companies reported rising manufacturer's average selling prices, and 19 per cent reported a decline. The balance of 10 per cent raising rather than reducing prices is the lowest for 12 years, and compares with plus 35 per cent in July.

Similarly, the balance of companies forecasting higher selling prices (20 per cent) is well below July's level of 33 per cent, but is slightly better than a 13 per cent result produced by CBI's last monthly survey.

Answers to survey questions on investment intentions suggest that the rapid fall between April and July has now slowed down, but not enough to stop CBI forecasting that the investment is likely to decline by more than 10 per cent in 1981.

Tight investment

A balance of between minus 45 and 50 per cent of respondents expect to authorise less investment in building plant and machinery during the next 12 months. This "does not necessarily herald the end of the current downswing in intentions," comments CBI.

Supplementary questions suggest that investment is being used "primarily for replacement or for efficiency reasons" says CBI. An increasing number of companies are finding their investment plans constrained by demand problems and by financial difficulties.

The survey includes CBI's six-monthly study of liquidity. It shows that the extensive deterioration in net liquidity over the past year has not been as widespread as that which occurred during the year to last April. A further deterioration is expected during the rest of the financial year.

About 23 per cent of the companies surveyed said that they were cutting stocks in order to improve liquidity. A further 15 per cent were cutting employment while 13 per cent were reducing investment.

CBI Industrial Trends Survey No. 78. October, 1980. Price £90. Centre Point, London WC1.

TOTAL TRADE—All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last July.

Number of respondents 1,927.

	More	Same	Less	
Are you more or less optimistic than you were four months ago about the general business situation in your industry	4 (3)	37 (26)	58 (72)	

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	6 (9)	27 (26)	55 (56)	12 (10)
(b) Plant and machinery	15 (16)	22 (24)	61 (59)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	84 (76)	15 (24)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present total order book is	3 (4)	15 (20)	82 (75)	1 (1)

	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	36 (39)	48 (45)	3 (3)	13 (13)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Numbers employed	6 (6)	25 (38)	70 (56)	— (—)	4 (3)	27 (35)	69 (61)	— (—)
Volume of total new orders	7 (9)	22 (25)	68 (64)	2 (2)	9 (7)	47 (37)	41 (54)	2 (2)
of which: Domestic orders	6 (8)	24 (28)	67 (62)	2 (2)	7 (7)	50 (40)	40 (52)	2 (2)
Volume of output	7 (10)	37 (42)	56 (48)	1 (—)	9 (6)	51 (46)	40 (47)	1 (1)
Volume of domestic deliveries	6 (11)	31 (34)	63 (55)	— (1)	7 (6)	51 (39)	42 (54)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	11 (20)	36 (45)	50 (32)	3 (3)	5 (6)	42 (44)	50 (47)	3 (3)
(b) Work in progress	11 (19)	38 (44)	43 (29)	9 (8)	5 (5)	45 (43)	41 (44)	9 (8)
(c) Finished goods	18 (28)	35 (39)	36 (21)	11 (12)	7 (8)	44 (41)	38 (38)	11 (13)
Average costs per unit of output	62 (73)	33 (24)	4 (2)	1 (—)	54 (67)	42 (28)	3 (4)	— (—)
Average prices at which: Domestic orders are booked	29 (46)	51 (43)	19 (11)	1 (—)	32 (43)	55 (48)	12 (10)	1 (—)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
22 (17)	42 (46)	9 (11)	2 (2)	2 (2)	1 (1)	2 (1)	19 (19)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
94 (91)	4 (5)	1 (0)	3 (4)	4 (7)	1 (2)	2 (2)

In relation to expected demand over the next 12 months is your present fixed capacity:

More than adequate	Adequate	Less than adequate
70 (65)	29 (31)	2 (4)

What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery over the next 12 months:

To expand capacity	To increase efficiency	For replacement	Other	N/A
10 (14)	62 (60)	48 (44)	4 (6)	15 (14)

What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next 12 months:

Inadequate net return on proposal investment	Shortage of internal finance	Inability to raise external finance	Cost at finance	Uncertainty about demand	Shortage of labour including managerial and technical staff	Other (please specify)	N/A
30 (30)	23 (23)	3 (1)	19 (23)	55 (46)	2 (2)	1 (2)	12 (12)

EXPORT TRADE—Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: 1,363

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four month ago	7 (5)	51 (33)	41 (62)	1 (1)

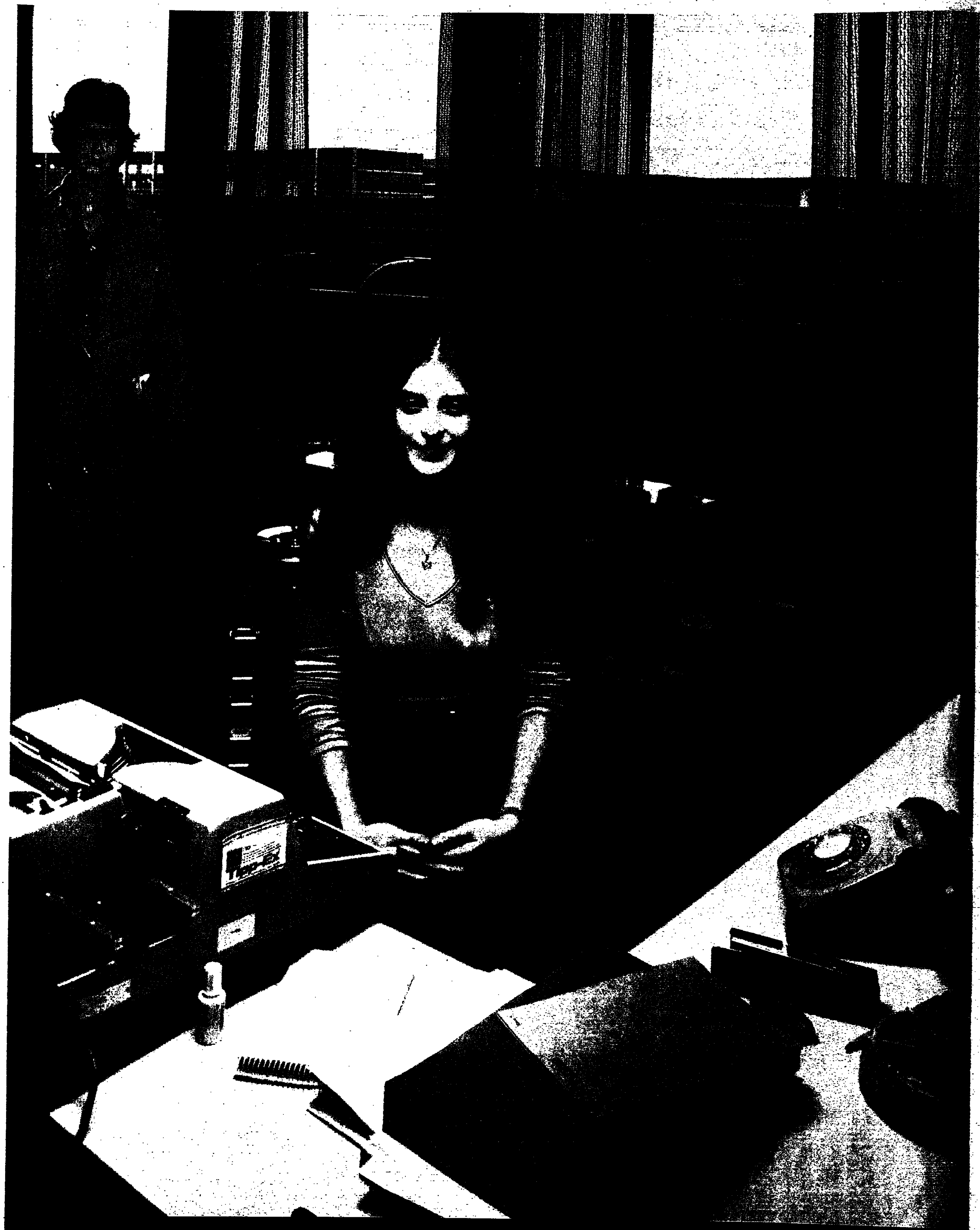
Excluding seasonal variations, do you consider that in volume terms:	Above normal	Normal	Below normal	N/A
Your present total order book is	6 (7)	24 (32)	69 (59)	1 (1)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months with regard to:

	Trend over past four months: Up	Same	Down	N/A	Expected trend over next four months: Up	Same	Down	N/A
Volume of total new export orders	9 (9)	31 (41)	58 (49)	2 (1)	12 (5)	56 (53)	29 (40)	2 (2)
Volume of export deliveries	8 (9)	42 (49)	49 (49)	1 (1)	13 (7)	55 (55)	31 (37)	2 (1)
Average prices at which export orders are booked	21 (34)	52 (46)	26 (19)	2 (1)	25 (36)	60 (49)	14 (14)	1 (1)

What factors are likely to limit your ability to obtain orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quote and import licence restrictions	Politicals or economic conditions abroad	Other
82 (83)	8 (6)	7 (8)	11 (10)	42 (39)	7 (4)



INTERNATIONAL COMPANIES and FINANCE

INTERNATIONAL CAPITAL MARKETS

Straight dollar bonds fall as interest rates increase

BY FRANCIS GHILES

A FURTHER upward lurch in Eurodollar interest rates and a weak opening on the New York bond market severely depressed fixed interest rate dollar Eurobonds prices: average falls yesterday were around 1 per cent.

The three-month Eurodollar rate rose by ⅛ of a point yesterday, bringing the rise this week to a full percentage point. Straight dollar bond prices have shed around 1⅝ points since Monday morning. Further falls are anticipated by many dealers as much higher yields can be obtained either in the money markets or in U.S. Treasury bonds.

The 9 per cent convertible bond to 1995 for Ocli International Finance, priced at par on Monday, shed almost 5 points yesterday to 94-95½ because of the fall of the company's stock on Wall Street. Other recent issues to tumble included the 13¾ per cent bond to 1992 for Trailor Train (¼ point lower at 94½-95) and the 12 per cent bond to 1987 for Citicorp, which closed at 93-93½.

The first "deferred payment bond" denominated in sterling was launched yesterday for the European Investment Bank by Kleinwort Benson. The amount of this 10 year issue, which has an average life of 8½ years and an indicated coupon of 13 per cent is £20m. The bonds are expected to be priced at 99½. Of the principal amount, 25 per cent is due at the beginning of December and the balance in March 1981. Two "deferred payment bond" issues have been arranged in the dollar sector in recent weeks, one for Alcoa, the other for J. C. Penney.

The $50m 10 year floating rate note for Telefonica Nacional de Espana was priced at par yesterday by BNP and Dillon Read. The borrower is paying a coupon of ¼ per cent with a minimum interest rate of 8 per cent.

There is a strong Japanese presence in the management group because underwriting FRNs enable Japanese banks to get around the strict rules set down by the Ministry of Finance in Tokyo which limits their participation in syndicated bank credits. These rules do not apply to FRN issues.

Prices of seasoned DM issues slipped by as much as ½ yesterday with no sign of any let-up in selling because of the continuing weakness of the West German currency against the U.S. dollar and sterling. The 9½ per cent bond to 1987 for ESCOM, priced at 99½ on Monday was quoted yesterday by the lead manager Dresdner at 97¼ bid.

Venezuela short-term debt move

By Peter Montagnon

VENEZUELA IS preparing legislation to permit public sector agencies to refinance as much as $6bn in short-term foreign debt with long-term borrowing, according to Sr. Carlos Zubillaga, the country's director of public credit.

At the same time the Government is also seeking authorisation from Congress to raise long-term finance for a number of projects in the transportation, electricity, water, coal and steel and housing sectors.

These are among the measures which Sr. Zubillaga will present to bankers in London today in an attempt to reassure the financial community that Venezuela is at last steering the emphasis of its foreign borrowing away from short-term financing.

Sr. Zubillaga said yesterday this process would be slow—the refinancing of $6bn in short-term debt may take about three years—but within a year the confusion which has surrounded Venezuela's approach to the euromarket should have abated.

As it develops a long-term borrowing strategy, Venezuela will diversify the source of its funds into areas such the bond markets. But it does not at present envisage the raising of new "jumbo" Eurocredits similar to the $1.8bn loan arranged through Citibank this summer.

What is planned is "a continuous presence in smaller amounts rather than a sporadic presence in large amounts," he said.

Passing the legislation may not be easy as the Government does not have a majority in Congress, whose authorisation is required for borrowings in excess of two years.

Meanwhile, rollover of existing short-term borrowings will be permitted, but the Finance Ministry will be very restrictive with authorisations to State agencies to raise new money.

Expensive terms for Argentina

BY OUR EUROMARKETS STAFF

ARGENTINA'S development bank, Banco Nacional de Desarollo, has awarded a long-awaited mandate for a $250m Eurocredit to a group of banks under the agency of Bank of Montreal. As expected, the terms are markedly more expensive for the borrower than those on the last Argentinian borrowing which was for the oil concern, YPF.

The borrower is paying a margin over Libor of ⅝ per cent for the first five years rising to ¾ per cent for the remaining three. There is to be a four year grace period.

Euromarket bankers yesterday estimated that the overall yield on this new borrowing will be in the region of 0.66 per cent over Libor compared with a figure of about 0.59 per cent for the YPF borrowing.

The increase reflects both a reaction to the very low levels to which spreads for Argentina had fallen this summer as well as renewed concern in the international banking community about the health of some of Argentina's domestic banks after news that the grain exporter Sasetru is to be liquidated.

Earlier this summer the Argentinian authorities had successfully managed to squeeze spreads on public sector borrowings to the point where the Republic itself was able to borrow at a split margin of ½-⅝ per cent over eight years.

But the determination with which this policy was pursued, coupled with the high volume of Argentinian borrowings in the Euromarkets, led to a feeling of saturation among lending banks and the YPF credit which followed the Republic borrowing moved very slowly in syndication.

Besides the Bank of Montreal, there are six banks in the lead management group for the development bank loan. Citicorp will handle the non-Japanese books and the placing memorandum, IBJ International the Japanese books and publicity and the National Bank of Canada the signing ceremony.

Other banks in the group are Hypobank International, Marine Midland and Yasuda Trust and Banking.

Mobil pushes up earnings 20% despite retailing loss

BY PAUL BETTS IN NEW YORK

MOBIL OIL, the second largest U.S. oil company, reported a 20 per cent increase in third-quarter earnings despite continuing heavy losses at its Montgomery Ward retail business.

Net earnings in the third quarter totalled $721m compared with $602m in the same quarter last year. In the first nine months of this year, Mobil's earnings totalled $2.2bn against $1.5bn in the same period the previous year. Revenue in the first nine months rose from $33.5bn to $46.3bn.

While chemical operations posted a $15m loss in the third quarter, the Montgomery Ward retail subsidiary reported a $41m loss. These losses, Mobil said, were offset by a $57m increase in real estate earnings.

Atlantic Richfield (Arco) turned in third-quarter net earnings of $389.7m or $1.57 a share, against $320.4m or $1.30 a share in the same period of 1979, on revenues up from $4.38bn to $5.64bn.

Nine-months earnings were $1.25bn or $5.04 a share, against $822.9m or $3.35 a share previously, on revenues of $16.77bn against $11.63bn.

Ashland Oil, the large U.S. independent oil group which has been steadily divesting some of its major operations to concentrate on refining and marketing, reported sharply lower net earnings in its last quarter of fiscal 1980. Profits were $35.3m against $52.9m.

It said the latest earnings reflected the establishment of reserves for loss contingencies totalling $27.4m for a variety of matters, including litigation expenses and pricing adjustments.

Ashland's net income for fiscal 1980 totalled $205.1m. But the company said the $526.3m earned a year earlier was not comparable because of a large gain from the 1979 sale of various operations.

Ashland said that excluding this non-operating income comparable results showed net income of $196.5m in fiscal 1980 against $186.4m in fiscal 1979.

Turnround to profit at Singer

BY DAVID TONGE IN NEW YORK

SINGER, THE world's largest sewing machine manufacturer, yesterday reported a 71 per cent jump in third quarter operating profits to $28.1m. The improvement was largely due to increased earnings from defence contracts and from the company's meter division.

After closing its 129-year-old plant at Clydebank in Scotland, it is now close to its largest plant, the 107-year-old plant at Elizabeth, New Jersey. The changes are part of the company's strategy of cutting back on its heavy losses on domestic sewing machines made in North America and Europe.

Meanwhile, the company is concentrating on sterengthening its Third World production of these machines to compete with low-ost products from countries such as Taiwan.

In the third quarter of 1979, the company set aside $130m to help fund this change of strategy. This charge caused it to record an overall third quarter loss last year of $125.4m compared with net profits this year of $13.3m. Sales were up 8 per cent at $676m with aerospace and marine products and educational services accounting for $193.1m.

In the first nine months, net profits were $25.2m compared with a loss a year before of $98.8m, while sales rose 9 per cent to $2.1bn.

Armco plans $400m tube mill

BY OUR NEW YORK STAFF

ARMCO, the sixth largest U.S. steel company, is to build a $400m seamless-tube mill to meet the growing demand of the U.S. oil industry for steel products.

Construction of the mill, which will produce 300,000 tonnes of seamless tubes, drill pipe and casing a year, will begin next year and is expected to be completed by 1984.

Armco's move is regarded as significant as it comes at a time when drilling for oil and gas is now at a record level in the U.S. Indeed, the U.S. oil industry has been increasingly worried over a developing shortfall in oil service and support equipment which is restricting further domestic oil and gas exploration and production.

GM loses $567m in third quarter

By Our New York Staff

GENERAL MOTORS announced a $567m loss for its third quarter, the worst result in its 72-year history.

It blamed the downturn on the U.S. recession, a 19-per cent drop in worldwide factory sales of GM cars and trucks, to 1.4m units and the cost ofr tooling for its new models. Next spring, it is due to release its front-wheel drive "world car."

The figures are roughtly in line with market expectations, and Chrysler and Ford are also likely to report large losses. However, Mr. Thomas Murphy, GM chairman, and Mr. Elliott Estes, president, said: "We have weathered the worst. Recovery, although gradual, has begun."

Sales of cars manufactured in the U.S. dropped by 13 per cent to 828,000 units while truck sales fell 58 per cent to 114,000. GM's operations in Canada also reported a major drop in sales—by 18 per cent to 131,000—but the group's operations in the rest of the world held up better reporting only a 5 per cent drop to 345,000 units.

Asarco hit by copper strike

By Our New York Staff

ASARCO, the largest U.S. custom smelter of non-ferrous minerals, yesterday reported a 70 per cent drop in third quarter profits to $21m. The company blamed the slump primarily on the strike at most of its copper plants and mines and at its El Paso lead plant.

Sales for the quarter were 0.5 per cent up at $399m and the company's nine month sales were up 22 per cent to $1.5bn and profits up 6.6 per cent to $187m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on October 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CECA 11½ 88	100	93¼	93¾	−0½	−1¼	12.89
Citicorp O/S Fin 10 85	300	87¾	88¼	−0¾	−1¾	13.13
Citicorp O/S Fin 12 87	200	93¾	94¼	−0½	−0½	13.40
Con. Illinois O/S 9¾ 86	150	86	86½	−1½	−2⅞	13.61
Denmark 11¾ 90	100	91¾	92¼	−0½	−1⅞	13.24
Dome Petroleum 13½ 92	50	96½	97	−1¼	−3⅛	14.05
EEC 11 85 (May)	75	86¾	86⅞	−1¼	−3¼	13.07
EEC 11 85 (Aug.)	75	85¾	85⅞	−1½	−2½	13.25
EIB 13¾ 90	100	101	101½	−0½	−1¾	13.47
Eksportfinans 9½ 87	75	84¾	84⅞	−1⅛	−2¾	13.05
Elec. de France 10 88	125	86¾	87½	−1¼	−2½	12.76
Export Dv. Cpn. 12¾ 87	100	98¾	98⅞	−0⅜	−1⅞	13.03
Export Dv. Cpn. 9½ 86	150	86¾	87¼	−0⅝	−1¾	13.10
Federal Dev. Bk. 12¾ 85	75	96¾	96⅞	−1⅛	−2⅜	13.23
Fin. Exp. Credit 10½ 85	50	89⅞	90⅜	−0⅜	−1¾	13.44
Finland Rep. of 9½ 86	100	85¼	85¾	−0½	−0⅞	13.45
Ford O/S Fin. 12¾ 85	250	97¼	97¾	−0¾	−1¾	13.27
GMAC O/S Fin. 13¾ 85	100	99⅞	100⅜	−0⅞	−2	13.27
GMAC O/S Fin. 12 87	100	92⅞	93⅜	−1⅛	−2¾	13.58
GMAC O/S Fin 11¾ 87	100	93½	94¼	−0¾	−0⅜	13.14
Goodyear O/S 12½ 87	75	95¾	96¼	−0½	−2¾	13.41
Hudson's Bay 11½ 90	75	89½	90¼	−1⅞	−2⅞	13.40
IBM Canada 10½ 85	60	93⅞	94¼	−0⅛	−1¾	12.26
Int. Harvester 12¾ 85	115	97	97½	−0½	−1	13.53
J. C. Penney Int 12¾ 86	100	†94¼	94¾	−1	−1	13.85
McGraw 13½ 85	75	98	98½	−0¾	−2½	13.88
NorWest Ind. 13¾ 87	50	97¾	98¼	−0½	−1¾	14.06
Nova Scotia 10¾ 90	50	86	86½	−1⅛	−2	13.33
OKB 10 85	50	89¾	90¼	−0½	−2¼	12.97
Pemex 11½ 88	100	88¾	89¼	−0½	−2⅞	13.76
Quebec Hydro 11½ 92	100	88½	89	−0½	−1¾	13.44
Repsisel O/S 11½ 88	100	83¾	84¼	−1	−4⅝	15.12
Royleasee 11¼ 85	50	93¼	93¾	−0⅝	−2⅜	13.20
SNCF 12¾ 85	50	98¾	99¼	−0½	−1⅞	12.66
Sweden 12¾ 85	150	97⅜	97⅞	−0⅛	−1⅝	13.11
Swed. Ex. Cred. 12½ 85	140	98¾	98¾	0	−0⅜	12.90
Swed. Ex. Cred. 12 83	50	96⅞	97⅜	−0½	−1⅞	13.23
Transamerica 12¾ 83	50	†96¾	97¼	−0⅛	−0⅜	13.66
VER Overseas 13½ 88	50	*93½	94	0	0	14.88
Unilever NV 9¾ 90	100	82	82½	−1¾	−2⅞	13.05
World Bank 9¾ 85	200	88¾	89¼	−1⅛	−2⅞	13.06
World Bank 10⅝ 87	300	88⅞	89⅜	−0⅝	−1⅝	12.74

Average price changes... On day −0⅝ on week −1⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 90	250	95⅞	96⅜	−1⅛	−2⅛	8.72
Austria Rep. of 8½ 92	150	95¾	96¼	−0⅝	−0⅞	8.80
BFCE 7¾ 87	100	92¾	93¼	−1½	−2	9.24
BFCE 8½ 95	100	93¾	94¼	−0⅝	−2	8.86
CECA 7¾ 92	150	93	93½	−0⅝	−1¾	8.81
Cll-Honeywell 8½ 90	125	†95½	96¼	−0⅝	−2¼	9.02
Denmark 7⅞ 88	100	†93¾	94¼	−0⅝	−2¼	9.32
Denmark 8¾ 92	100	†96	96¾	−0⅝	−2⅜	8.78
EEC 7¾ 94	225	92¼	92¾	−0⅝	−1½	8.83
Finland Rep. of 8 86	150	95¼	95¾	−0⅝	−1⅞	9.07
Iberduero SA 9 90	100	†97½	98	−0⅝	−2¼	9.35
Japan Dev. Bk. 7⅞ 87	100	93¾	94¼	−0⅝	−1⅝	8.85
Kobe, City of 8 90	100	96	96½	−0⅜	−1⅝	8.57
Mt. Bk. Denmark 8½ 90	150	†95½	96¼	−0⅝	−1⅝	9.15
Norway 7½ 85	250	94¾	95¼	−1⅛	−2⅜	9.00
Nuclebras 9¾ 88	100	†95	95¾	+0⅛	−2½	10.64
OKB 8¾ 92	150	95¼	95¾	−0½	−1¾	8.87
Oslo, City of 8¾ 90	80	99¾	100¼	−0⅝	−0⅝	8.74
Sweden 9¾ 87	200	†101½	102¼	−0½	−1	9.30
World Bank 8 90	200	93⅞	94⅜	−0⅝	−2	8.92
World Bank 7¾ 90	250	92¼	92¾	−0⅞	−1⅞	9.11
World Bank 10 86	150	103¾	104¼	−0⅝	−1	8.96
World Bank 10 90	200	108	108½	−0⅝	0	8.66

Average price changes... On day −0⅝ on week −1⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Rep. of 5¾ 90	100	99¼	99¾	−0⅛	−0⅛	5.47
Bayer Int. Fin. 5¾ 92	100	99¾	99¾	−0⅛	−0⅜	5.31
Bergen, City of 6 90	50	102¼	102½	+0⅛	+0⅛	5.67
BMW Overseas 4¾ 91	100	88¼	89	−0⅛	−1	5.64
Buhrm'n-Tetterode 7 90	40	†105½	106	−0⅛	+0⅛	6.18
Copenhagen Tele. 5¾ 90	60	95	95¼	0	−0½	6.43
Denmark 5¾ 90	80	97⅞	98⅛	+0⅛	0	6.02
EIB 4¾ 84	100	†84½	85	−0⅛	−0½	6.03
Elet. de France 5¾ 90	100	98¼	98½	−0⅛	+0⅛	5.47
Eurofima 5¾ 92	80	101	102¼	−0⅛	+0⅞	5.50
F. G. H. Hypo Bk. 6 90	50	†102¼	103½	−0⅛	−0⅛	5.57
GZB 4¾ 89	100	94½	94¾	−0⅛	0	6.37
Int.-Amer. Dev. 7 90	80	97⅞	88¾	−0⅛	+1⅛	8.02
Japan Dev. Bk. 5¾ 90	100	104	104¼	−0⅛	−0⅞	6.40
Jutland Tele 5½ 90	50	100⅞	101⅛	−0⅛	+0⅞	5.82
Mt. Blanc Tunnel 5½ 90	60	96¾	96½	−0⅛	−0⅛	6.02
Norwag 5¾ 90	80	99	99¼	−0½	−0½	5.62
Nippon Tel. & T. 4¾ 89	100	100¼	100½	−0⅛	−0⅛	5.69
Norrés Komm. 4¾ 91	100	92¾	93	+0⅛	−0⅛	5.27
OKB 4¾ 91	100	†87½	88	0	+0⅛	5.93
OKB 6 90	100	87	87¼	0	+0⅛	6.01
Oslo, City of 4¾ 91	100	101¼	101½	−0⅛	−0⅛	5.82
Oslo, City of 5⅞ 90	80	†87½	88	−0⅛	−0⅛	5.92
Philips Lamps 5¾ 92	100	99⅞	100⅛	0	+0⅛	5.87
Sekisui Pre. Hme. 6 90	80	98½	98⅞	−0½	−0⅛	5.45
Shikoku El. Pwr. 4¾ 89	100	101	101¼	0	−0⅞	5.84
Trade Dev. Fin. 6¼ 90	50	92	92¼	0	−0⅛	5.92
Voest-Alpine 5¾ 90	80	98½	99¼	+0⅛	+0⅞	6.31
Voest-Alpine 5¾ 90	80	98⅞	99⅛	0	−0⅛	5.88
World Bank 4¾ 89	150	†88	88½	−0⅛	+0⅛	6.12

Average price changes... On day −0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.8 89	30	90⅞	92	−0⅛	−0⅛	8.98
Australia 6½ 88	20	87¾	88¼	+0⅛	0	8.77
EIB 7½ 89	12	95¾	96⅛	−0⅛	−0½	8.44
Finland 5.6 83	10	90⅞	91¼	−0⅛	−0⅛	9.29
Finland 6.8 88	10	86⅞	87⅞	−0⅛	−0⅛	9.25
Finland, Rep. of 8⅛ 87	15	95⅞	96⅜	−0⅛	−0⅛	9.22

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	93¼	94½	−0½	−0⅞	12.19
CIBC 13½ 85 C$	50	†98½	99¼	−0½	−1	13.78
CIBC 11¼ 85 C$	60	†94¼	95½	+0⅜	−0⅛	12.90
Federal Dev. 11½ 90 C$	60	†88⅞	89⅜	−0⅛	−0⅛	13.52
Fst Can. Inv. 10 84 C$	50	†90⅝	91½	+0½	+0⅛	13.24
R. Bk. Canada 10 86 C$	40	92⅞	93⅜	0	−0⅛	11.82
Tordom Cpn. 13½ 85 C$	30	†98⅞	99½	−0⅛	−1⅛	13.70
M. Bk. Dnmk. 9 91 EUA	25	94	95¼	0	+0¼	9.81
SOFTE 8¾ 89 EUA	40	89⅞	90½	0	+0¼	10.07
U. Bk. Nrwy 9½ 90 EUA	18	98⅞	99⅝	−0⅛	−0½	9.63
Algemene Bk. 10¼ 87 Fl	400	99⅞	100⅜	−0⅛	−0½	10.25
Bk. Mees & H. 10 85 Fl	75	100¼	100¾	−0½	−1	9.84
F. G. Hypo 9¾ 87 Fl	60	96¼	96¾	−0⅛	−0½	10.48
Heineken NV 10 87 Fl	75	97⅜	97⅞	−0⅛	−1½	10.54
Nat. Inv. Bk. 10 87 Fl	75	98¼	98¾	−0⅛	−0⅞	10.33
Nat. Neder 9¾ 87 FL	60	95¾	96¼	−0⅛	−0¼	10.22
Neder Mdn Bk 10 85 Fl	75	101¼	101¾	−0⅛	−1¼	9.59
Avro Paris 13¼ 87 FFr	150	96¾	97¼	−0⅛	−2⅛	13.89
CECA 14¼ 86 FFr	160	101⅞	102⅜	0	−0⅛	13.54
Finland 11 84 FFr	80	91¼	92¼	+0⅛	−0⅛	13.83
Finland 11½ 89 FFr	70	86½	87½	0	−2¼	14.14
Gaz de France 11 84 FFr	150	93¼	94¼	+0⅛	+0⅛	13.15
IBM France 11⅞ 84 FFr	120	93½	94½	0	0	13.83
Renault 9¾ 85 FFr	100	85¼	86¼	0	+0¼	14.10
Solvay et Cie 9¾ 87 FFr	125	86½	87½	+4½	+4½	12.89
Utd. Mex Sts 14 85 FFr	150	98½	99½	0	−0⅛	14.24
Beneficial Fin 14½ 90 £	20	99⅞	100⅞	−0⅛	+0⅛	14.18
BNP 13½ 91 £	15	98¼	98¾	+0⅛	0	13.78
CECA 13½ 88 £	20	98	98½	−0⅛	−0⅛	13.87
Citicorp O/S 13½ 90 £	50	98½	98⅞	−0⅛	+0⅛	13.74
Fin. for Ind. 14½ 88 £	20	101	101½	−0⅛	0	14.17
Fin. for Ind. 13¾ 87 £	20	99½	100	0	+0⅛	13.79
Gen. Elec Co. 12½ 89 £	50	95½	96¼	−0⅛	0	13.28
Peugeot SA 14 90 £	23	99½	100	+0⅛	+0½	14.02
Rothschild 14¾ 90 £	12	100	100¾	+0⅛	+0⅛	14.15
Swed. Ex. Cr 15¾ 85 £	20	104¼	104⅞	−0⅛	−0⅛	13.76
Banobras 8¾ 90 KD	7	†90¾	91¼	0	0	9.75
CCCE 8¾ 91 KD	10	†85½	86⅞	0	0	10.26
Sonatrach 8½ 90 KD	12	†91¾	91⅞	0	0	9.89
Akzo 9¾ 87 LuxFr	500	92¼	93¼	0	−0¼	10.78
Euratom 9¾ 88 LuxFr	500	96¼	97¼	−0⅛	−0⅛	10.40
Eurofima 10½ 87 LuxFr	500	97¼	98¼	0	−0⅛	10.90
EIB 9¾ 88 LuxFr	600	97½	98½	0	0	10.21
Volvo 9¾ 87 LuxFr	500	94	95	0	0	10.90

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¾ 87	0¼	97⅞	98⅛	2/1	10.44	10.65
Bank of Ireland 5¾ 89	‡0¼	97¾	98¼	21/11	11⅛	11.61
Bank of Tokyo 5¾ 89	‡0¼	97¾	98¼	25/10	9¼	9.45
Barclays O/S Inv. 5 90	0¼	97½	98	13/12	9¾	9.65
Bergen Bk. A/S 6 89	‡0¼	97¾	98¼	29/11	12¼	12.50
Bilbao Int. N/V 5¾ 90	0¼	97¾	98¼	29/11	10.06	10.27
Citicorp O/S F. 83	§‡0	99½	99¾	23/11	11.44	11.51
Citicorp O/S F. 84	‡0	99¼	99¾	30/10	13¼	13.19
C. Itoh 5¾ 87	0¼	98¼	98¾	18/3	12⅞	13.07
Co-operative Bk. 6 86	0¼	98	98½	15/11	11.44	11.64
Creditanstalt 5½ 91	§‡0¼	97¾	98¼	14/12	12.06	12.32
CNT 5¾ 86	§0¼	98¾	99¼	16/4	13¼	13.40
GZB 5½ 89	‡0¼	97⅞	98⅜	1/11	9.81	10.00
Jugobanka 8 89	0⅞	91¼	93¾	23/11	11⅞	12.60
Ind. Bank Japan 5¾ 87	0¼	98¾	99¼	15/4	13.31	13.46
Ind. Bank Japan 5¾ 88	0¼	98	98½	9/4	13¼	13.36
Lloyds Eurofin 8 90 £	0¼	96¾	96⅞	3/1	15¼	10.30
LTCB Japan 5¾ 86	0¼	98¼	98¾	13/12	9¾	9.76
Mfrs. Han. O/S 5¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. Fin. 5 89	0¼	97¾	98¼	30/11	12⅛	12.39
Midland Intl. Fin. 5¾ 92	0¼	97⅞	98⅜	20/12	9½	9.68
Nacional Fin. 6¾ 86	0¼	97¾	98¼	5/12	10⅞	11.11
Nat. West 5¾ 94	§0¼	97½	98	25/1	9.69	9.91
Nat West 5¾ 92	0¼	97½	98	11/4	13¼	13.55
Nippon Credit 6½ 86	0¼	97⅞	98⅛	23/4	5¼	5.36
Nippon Credit 5¾ 87	‡0¼	97½	98	12/1	9.56	9.78
Royal Bk. Scot. 5¾ 94	§‡0¼	98¾	99¼	6/11	10⅞	11.00
Soc. C. de Bque. 6½ 87	0¼	98½	99	11/1	13¼	13.42
Standard Chart. 5¾ 90	0¼	98	98½	3/4	14	14.25
Svenska Hndlsbk. 5 87	0¼	98	98½	6/3	12.06	12.28
Sweden 91	‡0¼	97¾	98¼	15/1	10	10.20
Bq. Ext. d'Alg. 4¾ 89 SF	0¾	89	90	18/12	6¼	6.84

Average price changes... On day 0 on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 7¾ 95	2/80	616.5	120	121½	−0⅛	−3.78
Blocker Energy 8¾ 95	1/81	21.87	†117	118½	+0⅛	−4.17
Credit Suisse 4¾ 93	10/79	1278	118	120	+0⅛	−0.58
DDKK 11 90	4/80	324	104	105	−1	16.51
Digicon Fin. 8½ 95	10/81	28.5	†100	101	−1½	2.23
Dynolectron 9½ 95	8/80	12.22	125½	127	−4¾	−3.58
Ensearch Fin. 9½ 94	7/80	30.25	148	149¾	−3⅛	−3.29
Hanson O/S Fin. 9½ 96	1/81	1.92	98½	99½	−0⅛	−0.96
Huffy Int. Fin. 8½ 95	12/80	23.25	†94	95½	−1⅛	40.84
INA Overseas 8¾ 2000	4/81	42	99½	100½	−0⅛	8.39
Inchcape Ltd. 8 95	2/81	4.55	106⅞	107⅞	−0⅛	−2.31
JACCS 7½ 95	11/80	565	101⅛	102⅛	0	4.30
Marion Int. Fin. 9 95	12/80	23.25	†99½	101	−1⅛	5.95
Matsushita Elec. 7½ 95	11/80	649	99¾	100¼	+0⅛	7.12
MEPC 8¾ 96	2/81	2.47	104¼	105	+0⅛	5.68
Nissho Iwai Co. 8 95	10/80	398	99	100	−0⅛	0.51
Ricoh 6¾ 95	8/80	604	101⅛	102¼	+0⅛	−0.44
SBC 6¾ 90	9/80	200	98¾	99¾	−0½	8.14
Taylor Woodrow 8¾ 90	1/81	4.94	97½	98¼	+0⅛	5.81
Tricorp. 8½ 95	12/80	31.25	†101	102	−0⅛	20.83
Union Bk. Switz. 5 89	2/80	121.4	93¼	94¼	−2⅛	−4.85
Fujitsu 5 84 DM	7/79	475	124½	125½	+1⅛	8.65
Sharp Corp. 6½ 88 DM	9/80	595	122½	123½	+3½	0.53
Uny Co. 6½ 85 DM	11/79	1071	98¾	99¼	−0⅛	13.97

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALASKA AIRLINES

Third quarter	1980 $	1979 $
Revenue	45.5m	31.2m
Net profits	4.69m	2.82m
Net per share	1.05	0.63
Nine months		
Revenue	98.5m	75.4m
Net profits	1.45m	2.03m
Net per share	0.32	0.45

ARVIN INDUSTRIES

Third quarter	1980 $	1979 $
Revenue	107.4m	119.8m
Net profits	2.06m	2.45m
Net per share	0.25	0.31
Nine months		
Revenue	301.6m	360.9m
Net profits	2.42m	12.72m
Net per share	0.19	1.77

BALTIMORE GAS

Third quarter	1980 $	1979 $
Revenue	922.9m	770.7m
Net profits	113.25m	108.27m
Net per share	3.01	3.01
Year		
Revenue	1.17bn	1.01bn
Net profits	131.3m	128.3m
Net per share	3.41	3.51

CANADA PERMANENT

Nine months	1980 C$	1979 C$
Revenue	119.0m	114.2m
Net profits	11.89m	13.06m
Net per share	1.45	1.45

CHUBB

Third quarter	1980 $	1979 $
Net profits	23.5m	22.8m
Net per share	1.91	1.94
Nine months		
Net profits	63.2m	67.9m
Net per share	5.11	5.47

CLOROX

* First quarter	1980 $	1979 $
Revenue	182.4m	160.5m
Net profits	11.03m	9.81m
Net per share	0.48	0.42

DATA GENERAL

Fourth quarter	1980 $	1979 $
Revenue	177.8m	147.2m
Net profits	16.4m	13.4m
Net per share	1.54	1.27
Year		
Revenue	549.2m	439.4m
Net profits	54.7m	49.8m
Net per share	5.20	4.82

DETROIT EDISON

Third quarter	1980 $	1979 $
Revenue	474.3m	436.9m
Net profits	43.1m	34.0m
Net per share	0.54	0.47
Nine months		
Revenue	1.33bn	1.29bn
Net profits	94.7m	101.3m
Net per share	1.22	1.48

DIGITAL EQUIPMENT

First quarter	1980 $	1979 $
Revenue	654.4m	487.5m
Net profits	56.2m	45.2m
Net per share	1.17	1.02

DRAVO

Third quarter	1980 $	1979 $
Revenue	275.5m	230.0m
Net profits	5.7m	5.0m
Net per share	0.68	0.61
Nine months		
Revenue	723.8m	661.7m
Net profits	13.0m	17.5m
Net per share	1.56	2.15

FOREMOST-McKESSON

Second quarter	1980 $	1979 $
Revenue	1.02bn	882.0m
Net profits	16.81m	13.39m
Net per share	1.06	0.88
Six months		
Revenue	1.98bn	1.74bn
Net profits	31.19m	27.34m
Net per share	1.97	1.85

FIELDCREST MILLS

Third quarter	1980 $	1979 $
Revenue	120.1m	137.1m
Net profits	4.0m	6.89m
Net per share	1.07	1.82
Nine months		
Revenue	370.1m	366.7m
Net profits	10.1m	17.1m
Net per share	2.70	4.53

FOSTER WHEELER

Third quarter	1980 $	1979 $
Revenue	359.1m	402.0m
Net profits	14.61m	13.24m
Net per share	0.85	0.79
Nine months		
Revenue	1.88bn	1.22bn
Net profits	40.81m	35.98m
Net per share	2.39	2.15

GERBER PRODUCTS

Second quarter	1980 $	1979 $
Revenue	164.1m	151.5m
Net profits	10.02m	7.66m
Net per share	1.13	0.92
Six months		
Revenue	306.0m	273.5m
Net profits	16.3m	13.1m
Net per share	1.84	1.58

GREAT LAKES FOREST

Nine months	1980 C$	1979 C$
Revenue	407.7m	245.4m
Net profits	61.54m	33.64m
Net per share	14.00	8.11

HOBART

Third quarter	1980 $	1979 $
Revenue	166.7m	148.4m
Net profits	1.08m	5.8m
Net per share	0.62	0.51
Nine months		
Revenue	482.3m	457.9m
Net profits	21.08m	21.01m
Net per share	1.85	1.84

KROGER

Third quarter	1980 $	1979 $
Revenue	3.12bn	2.79bn
Net profits	25.39m	19.82m
Net per share	0.91	0.72

LUBRIZOL

Third quarter	1980 $	1979 $
Revenue	224.7m	192.1m
Net profits	28.35m	26.48m
Net per share	1.46	1.36
Nine months		
Revenue	691.0m	542.4m
Net profits	86.78m	66.79m
Net per share	4.47	3.42

MACMILLAN

Third quarter	1980 $	1979 $
Revenue	157.9m	149.0m
Net profits	7.47m	8.58m
Net per share	0.58	0.67
Nine months		
Net profits	8.65m	14.95m
Net per share	0.66	1.17

MASCO

Third quarter	1980 $	1979 $
Revenue	190.8m	187.0m
Net profits	19.1m	18.7m
Net per share	0.75	0.71
Nine months		
Revenue	584.9m	553.5m
Net profits	58.3m	56.6m
Net per share	2.29	2.15

MURPHY OIL

Third quarter	1980 $	1979 $
Revenue	455.6m	452.2m
Net profits	40.91m	28.63m
Net per share	1.10	0.77
Nine months		
Revenue	1.48bn	1.18bn
Net profits	104.94m	65.58m

NORFOLK & WESTERN RAILWAY

Third quarter	1980 $	1979 $
Revenue	375.8m	364.5m
Revenue	375.8m	364.5m
Net profits	43.6m	39.9m
Net per share	1.38	1.28
Nine months		
Revenue	1.15bn	1.07bn
Net profits	151.0m	141.5m
Net per share	4.81	4.53

PENNZOIL

Third quarter	1980 $	1979 $
Revenue	579.7m	521.96m
Net profits	69.73m	61.16m
Net per share	1.34	1.20
Nine months		
Revenue	1.82bn	1.45bn
Net profits	231.01m	165.36m
Net per share	4.43	3.26

PHILADELPHIA ELECTRIC

Third quarter	1980 $	1979 $
Revenue	567.8m	387.6m
Net profits	78.62m	65.23m
Net per share	0.72	0.54
Nine months		
Revenue	1.59bn	1.15bn
Net profits	85.73m	79.91m
Net per share	1.60	1.51

PRENTICE-HALL

Third quarter	1980 $	1979 $
Revenue	105.8m	85.5m
Net profits	14.12m	12.81m
Net per share	1.43	1.29
Nine months		
Revenue	257.9m	205.2m
Net profits	20.29m	20.25m
Net per share	2.05	2.04

RAYMOND INTERNATIONAL

Third quarter	1980 $	1979 $
Revenue	174.2m	140.2m
Net profits	2.87m	2.81m
Net per share	0.59	0.59
Nine months		
Revenue	472.5m	477.3m
Net profits	2.93m	10.93m
Net per share	0.61	2.29

ROYAL CROWN COMPANIES

Third quarter	1980 $	1979 $
Revenue	114.7m	115.1m
Net profits	2.44m	5.56m
Net per share	0.30	0.68
Nine months		
Revenue	329.5m	318.5m
Net profits	9.43m	13.27m
Net per share	1.15	1.62

SHELL CANADA

Third quarter	1980 C$	1979 C$
Net profits	85.5m	67.8m
Net per share	0.80	0.63
Nine months		
Net profits	267.0m	174.3m
Net per share	2.51	1.62

SOUTHERN COMPANY

Third quarter	1980 $	1979 $
Revenue	2.75bn	2.37bn
Net profits	270.55m	159.31m
Net per share	1.79	1.11

TAFT BROADCASTING

Second quarter	1980 $	1979 $
Revenue	81.3m	73.9m
Net profits	13.05m	12.15m
Net per share	1.33	1.40
Six months		
Revenue	137.2m	125.8m
Net profits	19.37m	19.17m
Net per share	1.98	2.23

TRANSCO COMPANIES

Third quarter	1980 $	1979 $
Revenue	620.6m	368.0m
Net profits	25.19m	14.43m
Net per share	1.07	0.62
Nine months		
Revenue	1.61bn	1.06bn
Net profits	80.78m	45.98m
Net per share	3.41	1.99

VIRGINIA ELECTRIC

Third quarter	1980 $	1979 $
Revenue	576.5m	457.0m
Net profits	71.63m	61.67m
Net per share	0.60	0.56
Nine months		
Revenue	1.62bn	1.23bn
Net profits	168.85m	153.6m
Net per share	1.27	1.31

CHAMPION SPARKPLUG

Third quarter	1980 $	1979 $
Revenue	194.3m	197.2m
Net profits	9.06m	11.16m
Net per share	0.24	0.29
Nine months		
Revenue	605.3m	617.9m
Net profits	29.16m	42.79m
Net per share	0.76	1.12

CONSOLIDATED EDISON

Third quarter	1980 $	1979 $
Revenue	1.13bn	937.2m
Net profits	133.6m	118.1m
Net per share	1.96	1.73
Nine months		
Revenue	2.95bn	2.48bn
Net profits	273.5m	254.3m
Net per share	3.86	3.57

HUDSON'S BAY OIL & GAS

Third quarter	1980 $	1979 $
Revenue	150.4m	117.2m
Net profits	38.3m	36.1m
Net per share	0.51	0.48
Nine months		
Revenue	434.4m	344.2m
Net profits	107.0m	97.3m
Net per share	1.41	1.28

OGDEN CORPORATION

Third quarter	1980 $	1979 $
Revenue	513.5m	564.8m
Net profits	14.9m	14.4m
Net per share	1.75	1.65
Nine months		
Revenue	1.62bn	1.68bn
Net profits	44.4m	43.8m
Net per share	5.20	5.00

SOUTHERN RAILWAY

Third quarter	1980 $	1979 $
Revenue	396.1m	367.2m
Net profits	36.23m	40.71m
Net per share	2.31	2.63
Nine months		
Revenue	1.21bn	1.07bn
Net profits	136.8m	127.3m
Net per share	8.76	8.27

SOUTHLAND ROYALTY

Third quarter	1980 $	1979 $
Revenue	94.1m	67.6m
Net profits	18.2m	15.9m
Net per share	0.39	0.35
Nine months		
Revenue	277.1m	180.4m
Net profits	52.4m	38.0m
Net per share	1.13	0.82

WARNER-LAMBERT

Third quarter	1980 $	1979 $
Revenue	879.9m	817.4m
Net profits	35.15m	4.71m
Net per share	0.44	0.06
Nine months		
Revenue	2.58bn	2.38bn
Net profits	151.0m	122.6m
Net per share	1.89	1.54

BANKING IN WEST GERMANY

Rights issues in a cold climate

BY STEWART FLEMING IN FRANKFURT

BY THE standards of investors in the U.S. or the UK the shareholders of the largest West German commercial banks are a patient lot.

Almost every year for at least the past decade they have dutifully stepped forward and pumped hundreds of millions of Deutsche Marks into the banks to ensure that German laws governing capital/asset ratios and lending limits should not inhibit the banks' hectic expansion.

Since 1968 the largest German bank, Deutsche Bank, has made eight separate rights issues, brining in a total of almost DM 2.4bn. Dresdner has had six, the last, however, as long ago as 1976, and Commerzbank, which like Deutsche raised new capital in 1979, a total of nine rights issues including two in one year, 1969.

The latest in this steady stream of shareholder financing, a stream which must make the equity-capital starved U.S. bankers green with envy, came two weeks ago when Bayerische Hypotheken und Wechsel-Bank (Hypo-Bank), the arch rival of the Bayerische Vereinsbank in Munich, announced that it would later this year ask shareholders for DM 185m of new capital through the sale of a little more than 1m shares at DM 175 each.

What is particularly interestin about rights issues today, however, is that they take place against a much changed financial background, particularly for the banking industry. These changes raise the question of whether bank shareholders will be willing to go on providing the industry with funds on quite such a lavsh scale in the 1980s.

Although a universal bank with securities as well as lending business, Hypo Bank is in addition one of only three German commercial banks specially licensed to carry out mortgage banking, which accounts for about 35 per cent of its total business volume. (Bayerische Vereinsbank and the Norddeutsche Hypotheken Bank are the others.)

Depending on how you add up the figures—a caveat which has particular significance in the context of German banking—it is probably the fourth or fifth largest private commercial bank in the country. Since 1970 the assets of the parent bank (excluding unconsolidated subsidiaries such as the Luxembourg operation) have risen from a little more than DM 15.5bn to around DM 53.3bn.

The bank's rights issue is coming at a time when pretty much the whole of the German banking industry, with the exception of the savings banks, has been going through a period of painful adjustment.

It had grown accustomed, before 1979, to rapidly increasing its business volume in an environment of relatively stable interest rates. The sharp rise in rates in 1979 and 1980, as the Bundesbank (the central bank) tightened monetary policy, found the banks funding too many fixed rate medium and longer term loans, with expensive floating rate deposits for a much longer period than many of them had imagined was possible.

In a report on banking profitability for 1979, the Bundesbank said that the big commercial banks and private banks suffered declines in operating profits of around 10 and 13 per cent respectively.

Hypobank itself reported a slight increase in profits in 1979, but it is clear from its half-yearly report in 1980 that it has been far from happy with the business environment since then.

Thus, so far as can be determined, it clamped down sharply on business in this period and its total assets, as reported by the parent bank, actually declined by DM 135m to DM 53.3.

Dr. Wilhelm Arendts, the chairman of the board of managing directors, echoes the view of other leading German bankers when he says that the bank is not expecting so rapid an increase in its volume growth as has been experienced in the past decade.

During this period many banks appear to have been trying to keep profits moving ahead by increasing volume in the face of diminishing margins, a practice which seems to have reached the point of adding faster to costs than the profits. Slower growth, and more selective concentration on markets, now looks a more attractive option, and one which will necessitate rather less frequent calls on shareholders for new capital.

So far as the rights issue is concerned, Dr. Arendts maintains that latterly business conditions have improved (the Bundesbank has begun to nudge interest rates down which will help the banks, but the fall may not go as far as some had been expecting) and Hypobank wants to be in a position to take advantage of profitable opportunities for expansion.

The bank was also unhappy when its capital assets ratio fell to below the 3.0 level—to 2.97 per cent—at the end of 1979 and the issue will be one factor which should put the ratio back around 3.3 per cent at the end of 1980.

Whatever the doubts and uncertainties about the future, Hypobank seems confident enough that it will get the funds it wants from shareholders. The offering price of DM 175 a share compares with a market price for the existing stock of DM 241.

The size of the discount, the loyalty of shareholders (the turnover of the shares in the market is very low) and no doubt their confidence in the depth of the bank's hidden reserves, are all, it seems, factors which make it unnecessary for the issue to be underwritten.

Jacques Borel taps holders for funds

By David White in Paris

JACQUES BOREL International, the French caterer which made a spectacular rise and fall in the stock market in the mid-1970s, has come back to the Bourse for FFr 84m ($19.5m) in fresh funds.

The company, which is selling its main problem sector, the Sofitel hotel chain, is expecting to be back in profit this year after four years of losses.

The planned one-for-three rights issue therefore comes as less of a surprise than a two-for-three capital increase made only two years ago while the company was still bogged down in financial difficulties.

Share capital is to be raised from FFr 240.5m to FFr 320.7m by the issue of 801,801 new shares at FFr 105 each. The shares will qualify for dividend rights from the beginning of this year.

M. Bernard Treizenem, the chairman (M. Jacques Borel quit the group in 1977) said recently the company would soon be able to resume dividend payments for the first time since 1976. Last year the parent company cut its loss to FFr 29m from FFr 99m.

Shareholders have approved the deal under which the Sofitel chain of luxury hotels will be taken over by another leading hotel group, Novotel. Half of the stock of Sofitel will be exchanged for a 10 per cent interest which Jacques Borel is taking in the enlarged Novotel group.

Good results forecast by two Swiss banks

By John Wicks in Zurich

FAVOURABLE RESULTS are forecast for the present year by two of the biggest commercial banks in Switzerland, Union Bank of Switzerland and Credit Suisse. In 1979, the banks had record net profit figures of SwFr 290.3m ($171.7m) and SwFr 247m ($146.1m), respectively.

Union Bank of Switzerland, whose total assets rose to SwFr 73.7bn by the end of September, reports the "strong pace of business activity" is continuing in the third quarter and expects that this will keep up throughout the final quarter.

The bank attributes the good showing of the past quarter to the growth in its loan portfolio and favourable investment opportunities for liquid funds. These factors offset the continued pressure on margins.

Commission business in the commercial sector was also active, especially documentary credits. Satisfactory results were booked in the securities sector and "average" earnings came from foreign exchange and precious metal dealing.

Credit Suisse, whose assets reached a record of SwFr 61.4bn ($36.33bn) at the end of September, reports unsatisfactory income from the credit sector caused by narrow interest margins and increased risks.

Like UBS, however, the bank showed a "positive development" in earnings from foreign exchange, gold and securities.

Overall income, Credit Suisse says, increased faster than expenditure, which grew within budgeted limits.

All big four have been able to counteract the squeeze on interest margins by increased business in the non-credit sector. At the same time, efforts to keep costs to a minimum have succeeded.

Daimler-Benz improves sales

BY KEVIN DONE IN FRANKFURT

THE STRENGTH of its order books has allowed Daimler-Benz to remain virtually untouched by the general recession that has hit the West German motor industry in the past year.

In the first nine months of 1980 it has managed to boost volume car sales in the domestic market by some 3 per cent to 188,000 vehicles at a time when new car registrations have fallen overall in the Federal Republic by around 10 per cent.

At the same time exports have also shown a small increase by 1 per cent to 138,000 vehicles, while the total car exports of German manufacturers have dropped by some 4 per cent in the first nine months of 1980.

Daimler-Benz sales in the U.S. have fallen slightly in the first three quarters — the decline was marginal compared with the 25 per cent drop suffered so far this year by U.S. car manufacturers — but it is hopeful that strong demand in the final quarter will enable it to equal last year's performance of sales of 53,000 vehicles.

Overall Daimler-Benz expects a group turnover worldwide of around DM 30bn ($16bn) in 1980 compared with DM 27.4bn in 1979. In the first nine months of the year the value of sales was up by some 10 per cent.

By contrast with some other West German car makers which have been forced either to introduce short-time working or to cut their workforces, Daimler-Benz says that its current order books already guarantee full employment for much of next year.

For the whole of 1980 it expects to produce around 430,000 cars compared with 422,000 in 1979. Production of its new S-class series is running to full capacity and the model is shortly to be introduced to the U.S. market.

The high point of commercial vehicle sales in West Germany has been passed, says Daimler-Benz, although demand is still strong both in the domestic and in foreign markets.

Its domestic commercial vehicle sales are still slightly above last year's high level at 68,700 vehicles, while exports have jumped by 20 per cent to 82,600. Trade has improved significantly with the oil exporting countries.

As part of its overseas expansion Daimler-Benz has recently commissioned a new truck assembly plant in Nigeria with an annual capacity to build 7,500 vehicles and it has also brought into production a new assembly plant in Hampton, Virginia, in the U.S., with an annual capacity for building 6,000 trucks.

Commercial vehicle production from domestic plants is expected to be more than 200,000 units this year (compared with 188,000 last year), while the group is aiming to produce around 70,000 commercial vehicles in Brazil and Argentina.

Statsföretag reduces deficit

BY WESTERLY CHRISTNER IN STOCKHOLM

STATSFORETAG, the Swedish state holding company responsible for some 30 state companies, reports a consolidated loss of SKr 62m ($14.6m) for the first eight months of the year, a reduction of SKr 40m on the corresponding period in 1979.

Consolidated sales during the period rose to SKr 8.9bn ($2.1bn) from SKr 7.39bn. Included in the eight-month report is a profit and loss account dividing companies operating under normal commercial conditions and those on which the Government has imposed "special programmes."

Despite the slackening in business being felt in the latter half of the year because of the economic downswing in Western Europe, which is expected to sharply affect the 1981 result, the management expects Statsföretag to show an improvement in consolidated income to SKr 250m for 1980 as a whole, after financial income and costs of about SKr 150m. The earnings forecast represents a downwards revision of SKr 50m from the spring prediction made by Mr. Per Sköld, the managing director. In 1979, the consolidated profit was SKr 97m.

Statsföretag expects the Government to cover losses accumulated by the LKAB iron mining company and Uddcomb, mechanical components manufacturer, during the remaining four months of this year. This anticipated state aid has allowed the company to predict a profit for 1980. Combined losses for these two units amounted to SKr 227m during the eight months.

Although no 1980 consolidated turnover figure is included in the eight-month report, the company said yesterday that a 15 per cent increase is expected this year.

Huge loss at Burmeister

BY OUR FINANCIAL STAFF

A DECISION on whether to declare bankrupt Burmeister and Wain, the Danish shipbuilding and engineering group, will be taken next Tuesday by the Copenhagen probate court.

This was announced yesterday by the troubled company, which also disclosed its results for 1979 together with an outturn covering the first seven months of 1980. Both periods are heavily in the red.

For 1979 Burmeister incurred an operating loss of DKr 246m ($42.6m) compared with a profit of DKr 29.2m. Over the opening seven months of this year the company has run up a loss of DKr 151.8m.

Bankruptcy proceedings against Burmeister were started earlier this year, when in August the group suspended payments to creditors. Burmeister said yesterday that it "continued to have acute liquidity problems."

Afcol nearly trebles operating profits in first six months

BY JIM JONES IN JOHANNESBURG

ASSOCIATED Furniture Companies (Afcol) South African Breweries' 56.3 per cent-owned furniture manufacturing subsidiary, has reported substantially better than expected results for the first half to September 30. At the pre-tax level, operating income rose to R11.62m ($20.9m) against R5.6m in the corresponding period of last year and R15.17m for the full year to March 1980. First-half turnover of R100.8m ($134.6m) was 50 per cent higher than last year's first half figure and compares with R142.3m for the whole of the previous fiscal year.

The company attributes the advance to significantly improved productivity as greater demand for furniture resulted in higher levels of capacity utilisation.

While the board warns that a similar percentage advance should not be expected during the second half, Mr. Abe Berger the joint managing director says the group still has unused production capacity which can be put to profitable use.

In line with the policy of paying twice covered dividends, an interim of 30 cents has been declared from first half earnings per share of 60.1 cents. Last year the interim dividend was 11 cents from first half earnings of 22.3 cents per share and for the full year, 29 cents was distributed from earnings per share of 57.6 cents.

Bandar Raya issue to raise Malaysian equity

BY WONG SULONG IN KUALA LUMPUR

BANDAR RAYA Development, one of the fastest growing property groups in Malaysia, has announce da special share issue to Bumiputras (Malays) in line with the Government's new economic policy.

It will issue 14.7m shares of one ringgit each to Malay institutions approved by the Ministry of Trade and Industry, at a price to be approved later by the Capital Issues Committee.

Bandar Raya has also announced a scrip issue of one for two, capitalising on 18.4m ringgit (U.S.$8.6m), from its share premium account and 1.9m ringgit from unappropriate profits.

With these two share issues, the company's enlarged paid-up capital would increase to 75.7m shares o fone ringgit each. The Malay equity would be 30 per cent.

Bandar Raya began as a property developer 10 years ago. It was taken over by the Multi-Purpose group, controlled by Chinese political leaders, three years ago, and has since made several major land acquisitions.

For the year ended December 1979, it had pre-tax profit of 7.28m ringgit and paid a 10 per cent dividend gross. Like most property companies on the Kuala Lumpur stock exchange, its shares have sharply appreciated, rising from 2.3 ringgit at the start of the year to the current price of 6.6 ringgit.

Elscint floats U.S. shares

BY L. DANIEL IN TEL AVIV

ELSCINT, a Haifa-based company which has developed and manufactures CAT scanners and nuclear medical equipment, has placed a second issue of 700,000 shares of par value $10, at a price of $27 each on the U.S. over-the-counter market. The previous issue in 1972 of 400,000 shares were placed at their par value of $10. The total market value of Elscint's 3.6m shares at current prices exceeds $100m.

Turnover during the three months ended June increased by 85 per cent over the same period of 1979 to $9.9m 95 per cent of its exports.

The company recently introduced a new line of nuclear medicine instrumentation, the APEX range, claimed to be the most advanced in the field. It expects to introduce before the end of this year an upgraded scanner as well as a low-cost model.

Elscint is also developing a real-time ultrasonic system for imaging the abdomen, also to be ready by year-end.

Mitsui Bank foreign fund scheme for savers

By Charles Smith in Tokyo

MITSUI BANK, the oldest of Japan's 13 city banks, has introduced a foreign currency deposit scheme, incorporating fixed charges for exchange risk cover, which is designed to lure Japanese investors away from their traditional attachment to the yen.

The scheme is already in operation, but will acquire greatly increased significance after December 1 when the revision of Japan's foreign exchange control regulations will make it possible for private investors to hold as much money as they wish in foreign assets. Individual Japanese investors are at present forbidden to hold foreign currency assets worth more than Y3m (about $14,000).

Mitsui Bank's scheme consists of a packaged foreign exchange cover service combined with interest payments pegged at 2 per cent below the floating Eurodollar market rate on deposits of one, three, six or 12 months. The net annual yield to the investor on a three-month deposit at present works out at 9.25 per cent which is 3.25 per cent above the (officially regulated) interest rate on a comparable yen deposit.

A drawback about the Mitsui scheme is that interest payments on foreign currency assets are subject to tax whereas interest on yen deposits totalling less than Y3m per person, art tax free. Because of this snag Mitsui is aiming its scheme at what it calls the "small rich man"—in other words at those who have already acquired assets worth more than Y3m

Mitsui believes that its scheme combined with the impending freeing from control of foreign exchange holdings could result in a significant shift of private savings from yen into foreign currencies. This would have two important domestic consequences.

It would invite opposition from the large number of smaller Japanese banks that are not authorised to deal in foreign exchange (some of the local banks and the majority of mutual banks and credit associations). Secondly, Japan's traditional system of maintaining strict controls on domestic deposit rates could begin to come under pressure.

Because of these implications the Ministry of Finance is expected to keep a close watch on the accumulation of foreign currency denominated deposits after the December legislative reforms take effect. If the shift takes place too rapidly banks that are authorised to deal in foreign currencies could receive official "guidance" to slow down their acceptance of dollar deposits.

Semiconductor sales lift Nippon Electric results

BY YOKO SHIBATA IN TOKYO

NIPPON ELECTRIC Company (NEC), Japan's leading manufacturer of telecommunications equipment and electronic computers increased sales and earnings strongly in the half-year to September 30, helped by buoyant sales of semiconductors.

Operating profits rose by 55.3 per cent on the year to Y14.70bn ($70m), and net profits by 36.3 per cent to Y7.50bn, on interim sales up 26.9 per cent to Y408.7bn ($1.9bn). Profits a share were Y7.85, against Y6.17

Increased use of integrated circuits (ICs) and large-scale integrated circuits (LSIs) for consumer products boosted sales. The company's heavy capital investment in semiconductor production capacity brought its rewards. Sales of electronics devices (ICs, LSIs and micro computers) showed a gain of 50 per cent, to account for 26.7 per cent of total turnover. IC and LSI sales alone increased 71 per cent to Y77bn, of which exports contributed Y22.5bn, or 30 per cent. Sales of microcomputers for the full fiscal year are expected to grow by 67 per cent to Y35bn.

Exports grew relatively quickly, by 43 per cent to account for 32.8 per cent of total sales. This resulted mainly from strong orders for telecommunications equipment and semi-conductors. The domestic private sector advanced—by 21.2 per cent, to account for 44 per cent of the total, while sales to the public sector gained 18 per cent, to make up 23 per cent.

NEC foresees favourable demand, and has revised upwards its planned capital outlay for the full fiscal year, to Y64bn from the initial Y55bn. Much of the capital spending will go for further expansion of electronics devices capacity. Heavy investment for Research and development amounting to Y48bn for the year and prospective depreciation costs — of Y27bn — are expected to put pressure on earnings.

However, NEC looks for further expansion in sales of ICs and LSIs in the current half to Y81bn, bringing the year's total to Y158bn, up 53 per cent.

For the full year, ending March, operating profits are expected to reach Y34bn, up 44.6 per cent. Net profits are forecast at Y18bn for a gain of 37 per cent.

Brambles to invest more abroad

BY JAMES FORTH IN SYDNEY

BRAMBLES INDUSTRIES expects to announce shortly further major investments overseats in its materials handling division and the cleanaway waste collection and disposal division.

The company is also holding discussions with several overseas groups interested in jointly investing with Brambles in Australia, Sir John Marks, the chairman, said at the annual meeting in Sydney. He said the talks with overseas groups were at too early a stage to comment further.

Brambles is currently flush with funds after reporting a record profit and the sale for A$36m (US$42.3m) of an 11 per cent shareholding in Ampol Petroleum.

Sir John confirmed that Brambles had joined a consortium of major Australian and international companies to investigate the feasibility of establishing a metallurgical coke plant at Gladstone, Queensland, with an eventual capacity of 6m tonnes of coke a year. A large proportion of the coking coal for the venture would be mined by the consortium from leases at Lake Lindsay in the Gladstone hinterland.

Sir John said that if the project proceeded Brambles would have an opportunity to take up a proportionate equity in the A$2bn project.

* * *

THE RESERVE BANK, Australia's Central Bank, yesterday signalled an across-the-board increase in interest rates. The bank departed from its tap system of selling bonds, and auctioned a small amount, A$47m, of two-year bonds in an apparent attempt to allow the market to determine the interest rate level.

The official long-term tap stock bond rate is 11.8 per cent, but this has lost relevance because the secondary market in recent weeks moved above this level and the authorities failed to adjust the tap rates.

Long-term bonds, a benchmark for Australian interest rates, were trading at around 12.15 per cent to 12.25 per cent when the Reserve Bank announced its tender, but the market was thin. The tender stock sold at yields of up to 12.55 per cent, which is expected to put pressure on the authorities to adjust official yields and thus bring about a general increase in interest rates.

LETTERS OF CREDIT

Bankers more cautious

BY ROSEMARY BURR

CREDITANSTALT, Bankverein, Austria's state-owned bank, has won the first stage in a five year court battle with a consortium of international banks over its refusal to pay a total of $20.7m under three irrevocable letters of credit. The dispute has aroused considerable interest in the international banking community, as it raises fundamental questions about the nature of letters of credit, important in trade finance.

Letters of credit are mainly issued by banks for customers who are seeking to finance the purchase of goods. The bank will issue a letter of credit in favour of the supplier to meet the cost. This letter is an undertaking to pay a named sum at a fixed time, after certain specified conditions have been met. These conditions normally include the presentation of documents such as invoices and delivery orders.

During the time lag between the issue of the letter of credit and the date it is due to be presented, which can be several months later, the supplier may wish to obtain the funds in advance of sale. If so, he will approach his own bank and offer to assign his rights under the letter of credit to the bank in return for a cash advance. The second bank will examine the documents, confirm the transfer and presentation arrangements with the issuing bank.

At the centre of the dispute is one of three letters of credit issued by Creditanstalt in favour of the Dutch firm, A. M. Aronson, to finance the purchase of chemicals by two Austrian companies, including one of the bank's own subsidiaries.

Aronson subsequently sold for cash rights under the letters of credit to the UK accepting house, Singer and Friedlander, which in turn granted participations in the letters to a syndicate of banks.

Confirmation of the assignment to the accepting house, details of the documents to be presented prior to payment, and of the Singer and Friedlander bank account into which the funds were to be paid were then agred between Creditanstalt and Singer and Friedlander.

However, the sale of chemicals by Aronson to the Austrians was never concluded and it has been alleged that the consignment consisted largely of sawdust, not high-grade antibiotics.

When Singer and Friedlander presented the letter of credit on the due date, Creditanstalt refused to pay. This refusal was in keeping with an interim injunction secured by one of the Austrian companies, the subsidiary of Creditanstalt. The injunction prevented Creditanstalt from accepting documents and making payments under one letter of credit

An increasing number of court cases over letters of credit has been seen since the start of a legal battle five years ago involving Creditanstalt Bankverein, the Austrian state-owned bank, and a consortium of international banks led by Singer and Freidlander.

for $9.7m. A sum of $11m, equivalent to the two other letters of credit, was paid into Court in Vienna by the Austrian bank.

Nearly five years, and several million dollars in lawyers' fees later, the Vienna commercial court has upheld Creditanstalt's original refusal to pay Singer and Friedlander. The consortium of 11 banks led by Singer and Friedlander has appealed against what they regard as an "astonishing" decision.

The court ruling was based on an interpretation of the nature of the rights that can be assigned under a letter of credit. It ruled that only title to the proceeds could be transferred, not title to the letter of credit itself. Thus Creditanstalt was justified in not paying Singer and Friedlander under the $9.7m letter of credit purportedly assigned to it by Aronson because when the claim was presented it was done so "on behalf of Singer and Friedlander" rather than by a representative of Singer and Friedlander on behalf of the original beneficiary, Aronson. It would follow that if Aronson was not entitled to recover from the Austrian bank, then neither would the Singer and Friedlander consortium.

By this line of argument the court left open what most observers regarded as the crucial issue, namely under what, if any, conditions can a bank refuse to pay the beneficiary of a letter of credit.

In the present case, despite several court cases, the bank's liability to Aronson has not been established. However, according to the banking consortium, the subsequent failure of the deal does not absolve the issuing bank from its initial obligation under the letter of credit. Letters of credit, they argue, are transactions in documents, not goods, and since the documents were in order Singer and Friedlander had a valid claim against Creditanstalt.

The Austrian courts have still to rule on two other letters of credit issued by Creditanstalt and subsequently assigned to Singer and Friedlander. In the case of these, however, the documents were presented by the original beneficiary, Aronson, and the procedural defect found by the court in the first case is not present.

Proceedings have been delayed since one of the witnesses sought by Singer and Friedlander, who resides in Yugoslavia, has not attended court hearings.

Since the start of the legal battle between Creditanstalt and Singer and Friedlander five years ago there have been an increasing number of court cases over letters of credit. As a result, bankers now scrutinise with more care documents supporting letters of credit. For example, some banks check sailing dates of vessels with the dates on bills of lading. The actual volume of letters of credit appears to be unaffected.

WORLD STOCK MARKETS

Dow 3.8 lower at midsession

FURTHER GROUND was lost on Wall Street in active early dealings yesterday, the market still depressed by expectations of higher interest rates in the near-term and a gloomy inflation outlook.

Analysts said investors were also remaining cautious ahead of the Presidential candidates' debate scheduled for yesterday evening.

The Dow Jones Industrial Average followed Monday's fall of 11.86 with a further decline of 3.84 at 927.90 at 1 pm yesterday. The NYSE All Common Index was 36 cents weaker at $73.46, while falls outpaced rises by a five-to-two margin. Turnover amounted to 28.71m shares, up from the previous day's 1 pm level of 23.76m.

Utility issues eased. They are sensitive to interest rate moves. Consolidated Edison of New York lost ¼ to $23¼ despite higher third-quarter profits.

Mobil was unchanged at $79 but Pittston declined $1 to $25. Both reported higher September-quarter earnings. Southland Royalty, however, added ¾ at $65¾ after increased third-quarter results.

Superior Oil rebounded 5½ to $212 after a 10-point fall on Monday. The company said it has discovered a significant gas field in the Gulf of Mexico.

THE AMERICAN S.E. Market Value Index was 0.34 easier at 351.09 at 1 pm after volume of 3.28m shares (3.46m).

Canada

Shares retained an easier bias in active dealings yesterday morning, although the Toronto Composite Index was only 0.3 lower at 2,301.5 at noon. Golds shed 39.1 to 5,560.2. In Montreal, Utilities declined 0.43 to 276.27 but Banks picked up 0.75 to 364.17.

Tokyo

The market closed with an easier overall tendency for the seventh consecutive day after a morning rally faded.

A broker said few foreign buyers orders came into the market apparently because investors are awaiting results of the U.S. Presidential election and developments in the U.S. hostage situation in Iran. Trading was also affected by yesterday being the last day for margin trading settlements. There was a thin turnover of 200m shares, although exceeding the previous day's 170m. However, high-priced Light Electricals and a few other export-orientated issues scored strong rises.

The Nikkei-Dow Jones Average and Tokyo S.E. index closed virtually unchanged, although declines on the First Market section outscored gains by 335 to 244.

Steels, Heavy Electricals and Shipbuildings were mostly lower on the day after a firmer start, while Energy issues lost further ground and Motors generally weakened. Teikoku Oil shed Y30 to Y1,090 and Yamaha Motor Y75 to Y825.

Among Light Electricals, however, Sony moved up Y50 to Y3,040, TDK Electronic Y110 to Y3,100 and Victor Y130 to Y2,270. Other strong spots included Olympus, Y80 higher at Y1,250, Fuji Photo Film, up Y13 at Y770, Canon, which rose Y7 to Y730, and Minolta Camera, Y31 to the good at Y519.

Germany

A further decline in the Deutsche mark against the dollar, the overnight fall on Wall Street and lower Domestic and U.S. Bond markets were factors sending German shares into a broad decline yesterday in light trading.

All major Banks gave ground. Deutsche Bank shed DM 1.80, Dresdner Bank DM 1.40 and Commerzbank DM 1.30. Brokers said banks appeared to suffer most from the mark's weakness.

Public Authority Loans fell afresh by up to 40 pfennigs and the Bundesbank bought DM 40m nominal of paper. The new Federal Loan was still not fully placed on the last day of official sale, with discounts of 1½ points quoted. Mark Eurobonds were weak, but Japanese convertibles firmed.

Paris

Leading issues were inclined to improve, although trading was fairly quiet.

With the new accounting period started yesterday, operators have one month's credit and this helped buoy Foods, Stores, Electricals, Oils and Constructions.

In Constructions, Lafarge gained FFr 1.5 to FFr 298.5 after reporting higher first-half profits.

BSN Gervais Danone gained FFr 12 to FFr 1,030, also on increased interim profits, but Jacques Borel dipped FFr 3.5 to FFr 123.5 on announcing a one-for-three rights offer.

Hong Kong

Trading remained heavy yesterday, although stocks mainly turned easier as profit-taking took its toll after the buying spree of the past few days. The Hang Seng index declined 7.43 to 1,471.93 from the new seven-year closing high recorded on Monday.

Dealers detected a note of hesitancy in the market as investors focussed attention on the trend in eurodollar deposit rates, where three-month money firmedw ½ per cent on Monday. The increase in eurodollar rates leads many speculators to expect a rise in U.S. Prime Rate in the near future, and this, combined with a weak Hong Kong dollar, should signal an increase in local Prime, they said.

Among the leaders, Cheung Kong shed 50 cents to HK$30.25, Hongkong Bank 20 cents to HK$20.80, Hong Kong Land 60 cents to HK$21.70, Jardine Matheson 50 cents to HK$30.25 and Swire Pacific "A" 25 cents to HK$9.25.

Utilities provided firm exceptions, HK Gas adding 60 cents to HK$29.60 and HK Telephone 10 cents at HK$26.30.

Australia

Narrow mixed movements mainly occurred in subdued trading, although a few brighter spots were to be found. An absence of overseas support due to uncertainty over the Iranian hostage situation was followed by general caution by local investors.

Oils managed to show a majority of gains, with Magellan attracting further buying and Woodside Petroleum adding 5 cents at A$3.48. The Rundle Oil Shale twins were also favoured, Central Pacific hardening 50 cents to A$9.10 and Southern Pacific 15 cents to A$3.55. Alpha Oil Shale stocks, in contrast, lost ground, with Esperance shedding 40 cents to A$4.60 and Greenvale 20 cents to A$4.20.

Among Industrials, Associated Pulp and Paper lost 25 cents to A$1.75, but Thomas Nationwide Transport, which saw some overseas buying, advanced 9 cents to A$3.01.

Greenbushes Tin, strong of late on its tantalum find in Western Australia, eased 20 cents to A$13.60, although major shareholder Vultan gained 20 cents more to A$5.80 and unrelated tantalum prospector Nicron put on 20 cents to A$1.65.

Gold Miners generally declined, GMK receding 30 cents to A$11.20, Central Norseman 50 cents to A$11.30 and Poseidon 20 cents to A$6.80.

Johannesburg

Gold shares were firmer on moderate overseas interest, but local trading was quiet. Western Holdings stood out with a rise of R7 to R118, while Kloof put on R2 to R51.

Mining Financials were steady around easier opening levels. Platinums were slightly higher. Industrials were inclined to gain fresh ground, with Sasol adding 10 cents at R4.93 on continued overseas demand.

Closing prices for North America were not available for this edition.

COMMODITIES AND AGRICULTURE

EEC suspends grain export rebates

IN BRUSSELS, the EEC Commission has temporarily suspended rebates on the exports of grain products from EEC countries, reports Reuter.

This decision, which took effect yesterday, was made because of fears that applications for licences to export very large quantities would be submitted.

The EEC's national management committee, which meets tomorrow, will reconsider the issue.

Meanwhile in Washington, U.S. officials declined to respond to recent reports of the Australian Wheat Board's (AWB) opposition to the U.S.-China grain supply agreement.

For the U.S. State Department, Mr. John Trattner said the AWB opposition was not a statement of official government policy, when he was asked to comment on reports from Canberra and Melbourne that the AWB opposes the U.S. pact with China and the Australian Government *may reconsider support of the* U.S. embargo on grain sales to the USSR.

Mr. Trattner said the Australian government had not yet expressed formal disapproval of the U.S. pact with China. Dale Hathaway, U.S. Agriculture Under-Secretary for International Affairs, said he expects the issue will be discussed in depth at November meetings in Adelaide.

Other agriculture department officials said they expected the Australian government would react negaatively *to the U.S.'s newest* bilateral pact. They thought it possible Australia would stop supporting the USSR embargo, while Australia's sharply reduced wheat crop this year may alarm Austarlia, because its role in influencing the world price will be lessened.

The crop was forecast by USDA at 11.0m tonnes and by the Australian Wheat Board at 9.50m tonnes, compared to last year's output of about 16.0m tonnes.

Rising prices cut U.S. reserve

BY NANCY DUNNE IN WASHINGTON

CLIMBING PRICES for maize (corn) and wheat are spurring large withdrawals from the U.S. grain reserve programme and much of it could go on the open market. An estimated 50m to 100m bushels of maize will be removed from the *reserves tomorrow if prices* continue to stay above $3.15 a bushel until then.

The two-year-old farmer-held *reserve programme, designed to* stabilise the market and provide price support loans, operates on a complex tier system to insure that entries and withdrawals are made *gradually. It has in the past* released oats, barley and sorghum, and on only one occasion were prices sharply depressed after the release.

However, the programme has never been tested as a stabilising mechanism for the large amounts of grains likely to be released this year. If maize prices continue to rise and exceed $3.26 for five days running, as officials expect they will, the remaining 500-550m bushels in the reserves will then be removed from the programme.

Farmers wishing to gamble that prices will rise still further are not required to sell their crop, but the Agriculture Department encourages them to do so by no longer paying their storage costs.

The grain reserves are considerably under strength this year. As of October 22 they held 21.7m tonnes. Since June the amount of maize in the programme has sunk from 1.1bn bushels to 602m. Wheat reserves have fallen from 255m bushels in June to 215m this month.

The reserve programme establishes several price levels at which grains may be moved on the market. Under its provisions, farmers agree to keep their crops in reserve for three *years in return for loans* (currently $2.25 per bushel for maize and $3 for wheat). However, if prices rise to predetermined "reserve level" *farmers may pay off their loans* and retrieve their crops and the government stops paying their storage costs.

If prices hit a "call level," the government drops its interest waiver and the farmers are required to pay off their loans. The call level has been exceeded for the 50-100m bushels of maize for three days running.

A reserve level was passed for 80m bushels of wheat (now at about $4.24 per bushel) when prices passed $4.20. The remaining 215.5m bushels in the reserves will hit a "reserve" level at $4.50. Call levels for wheat are set at $5.25 and $5.55 but *USDA officials* say they do not expect to see wheat above $5 unless the Australian crop worsens or the grain sales embargo against the Soviet *Union is lifted.*

Mr. Bob Bergland, the Secretary of Agriculture, last week insisted at a Press conference that adequate reserves exist to prevent grain shortages in the U.S. But the reserves have been consistently below the levels established by Congress, which set as a natural goal 330m bushels of wheat and 670m bushels of feed grains.

The reserve programme has not been popular with American farmers who say the loan rates are too far below the costs of production. Legislation to raise the rates has been stalled in Congress.

Should the reserves become depleted, as is possible for maize and unlikely for wheat, the U.S. Government would not be without any crop holdings. It still owns about 260m bushels ofm aize and 200m bushels of wheat forfeited by farmers in another loan programme. An additional 4m tonnes has been set aside for humanitarian programmes, and it would take an act of Congress to use it for anything else.

Stock carryovers next year are expected to be less than half what they were in the 1979-1980 crop year. Total maize stocks for 1980-81 are forecast at 600m bushels, 30m below 1979-80.

Volatile zinc market forecast

BY OUR COMMODITIES EDITOR

A DEVELOPING *shortage* of zinc concentrates could bring volatile zinc metal prices next year, Bob Wilson, managing director of A.M. and S. Europe forecast yesterday at the Eurozinc 80 conference in London.

The conference, organised by *the Zinc Development Association,* also heard a prediction that the Soviet Union will have to import more zinc concentrates as its domestic production had *failed to keep pace with growing* demand.

Jean Louis Blain, of Asturienne Mines in France, claimed to Reuter that he had official information the USSR will be importing increased quantities of both zinc metal *and concentrates in the* immediate future.

M. Blain added that European zinc production would be restricted by the availability of *concentrate supplies.*

Ross Stubbs, director general of the Zinc Development Association, said that forecasts made at last week's Geneva meeting of the *Lead-Zinc Study* Group indicated that world zinc metal production and consumption would be roughly in balance during 1981. World mine production of concentrates was expected to increase from 4.6m tonnes in 1980 to 4.9m tonnes next year. After deducting 200,000 tonnes in net exports to Socialist countries and direct use for zinc oxide manufacture, 4.7m tonnes would be available *for smelting and reflecting*—much the same as expected demand.

Continued slow growth in consumption was forecast by Robert *Perlman of Commodities* Research Unit. He said zinc demand prospects were decidedly unexiting for the next 18 months, after which a cyclical *recovery could be expected.*

Over the next decade zinc consumption in Europe was likely to grow at a rather modest rate of 2 per cent annually.

Mr. Perlman noted that the construction sector played a key role. It took 70 per cent of galvanised products in the UK as well as substantial shares of zinc diecastings, rolled zinc and brass products.

U.S. group moves on to LME ring

ANOTHER BIG U.S. commodity broking group, Acli, yesterday virtually achieved its ambition to become a ring-dealing member of the London Metal Exchange. The Board and management committee of the Exchange approved by a majority vote the re-election of Tennant Trading Metals in which A. C. Israel Woodhouse, part of Acli group, has achieved a 49 per cent holding. Tennants, a subsidiary of the Consolidated Goldfields Group, has reduced its share of the company to 26 per cent, while the Japanese group, Marubeni, retains its 25 per cent stake.

When *shareholdings change* in this way the ring-dealing member concerned has to apply for re-election, which is by no means automatic. The advantage is, *however, that only* a simple 51 per cent majority is required rather than the 75 per cent approval needed by new applicants for ring-dealing *membership. Nevertheless it* was apparently a close vote.

It was thought that when Maclaine Watson, which was taken over by the U.S. brokerage group, *Drexel Burnham and* Lambert, was re-elected as a ring-dealing member in 1978 this would open the door for other U.S. companies to join. *But A. C. Israel Woodhouse had* several applications for ring-dealing membership turned down.

Nickel supply balance expected

FRANKFURT—Problems in the 1970s which led to an imbalance of nickel supply and demand should be ironed out in the next decade, Charles Baird, chairman and chief executive of Inco claimed here.

He told a meeting of analysts *that nickel supply will be* slightly above demand in 1980 and 1981, but producer stocks should peak about one year from now, about the time *stronger demand is anticipated.*

High producer stocks in the short term are not worrying, be added, as Inco and other big producers are already cutting back output and no large supply projects were in hand.

Mr. Baird said higher stocks in the near future should be met by a 4 per cent annual growth rate for nickel consumption in the next five years. Reuter

Sugar values fall further

BY OUR COMMODITIES STAFF

THE DECLINE in world sugar prices continued yesterday with the March position on the London futures market slipping £14 to £395 a tonne at one time. This was £46 below the five-and-a-half year peak reached two weeks ago.

But prices steadied in the afternoon as speculators, *nervous about the tension in the* Middle East, made profit-taking purchases against earlier short sales. By the close, March sugar was quoted only £6.325 down on the day at *£403.175* a tonne. In the morning the London daily raw sugar price was fixed £18 lower at £365 a tonne.

The late rally may also have been influenced by renewed expectations of further Soviet buying on the world market, dealers said.

Our Moscow correspondent writes: The Soviet sugar beet crop will be about the same size as the 76.2m tonnes harvested in 1979, but the sugar yield is likely to be only 7m tonnes compared with last year's 7.29m, say western experts in Moscow.

"It's doubly bad because wet weather early in the year delayed the start of the growing season and encouraged weeds, and now more of the same has cut sugar content" said one analyst.

Beets need dry, sunny days in September and October to build sugar content. But the Ukraine, where 60 per cent of Soviet beets grow, and other major areas in the European part of the Russian federation, have both had long spells of autumn rain.

An additional danger is now posed by the threat of freezing. Temperatures in the Ukraine hovered around 5 deg C last night but colder weather is *moving in.* This will affect sugar content in both the beets still in the ground and the large quantities piled and waiting for transport.

Community butter policy attacked

BY RICHARD MOONEY

interference in the British butter market had reached "monumental proportions" Mr. Brian Joyce, managing director of the Irish Dairy Board, said in Brussels yesterday.

Speaking to European and *African food* marketing executives at a European Marketing Centre seminar he said New Zealand butter had been allowed to undercut EC producers prices. *The patience of traditional* suppliers such as Ireland and Denmark was being "severely tested," he stated.

At one stage New Zealand butter was being sold in Britain at 14 per cent below the UK intervention price, Mr. Joyce claimed.

He charged the EEC Commission with ignoring its commitment to ensure that all suppliers of butter to the UK market should compete on an equal footing.

Being more than self-sufficient in butter, the EEC had no need for any imports at all, though the strategic importance of New Zealand's sales to Britain had to be recognised. Mr. Joyce said this was a political problem.

But a commercial solution had to be found, he argued. "Stage one must therefore be to allow free trade in New Zealand butter in the Community as a whole," he declared. "Under the present bureaucracy it can be traded only in Britain."

The economic costs of achieving political objectives should be equally spread, Mr. Joyce insisted, but current Commis*sion proposals specifically* set out to prevent free circulation with restrictions which were "against the whole spirit of the Treaty of Rome."

The problem could be eased by the EEC purchasing food aid dairy products from New Zealand and exporting directly to Asia, Mr. Joyce suggested. This would avoid transporting these products all the way from New Zealand and back again.

Pigmeat exports 'feeble'

By Our Commodities Staff

THE BRITISH pigmeat industry's export efforts were described as "feeble" by an industry leader yesterday.

Mr. Bill Newton-Clare, director of the Bacon and Meat Manufacturers Association said at the BMMA's annual lunch in London: "I am disappointed and frustrated by the lack of enthusiasm for exports displayed by the chief executives of many of our member companies.

He said he was convinced that the industry's long term prosperity would depend largely on its ability to export.

The industry had been left "pitifully underinvested" following many years of savagely unfair competition, Mr. Newton-Clare said.

Three devaluations of the Green Pound — the artificial exchange rate used for translating EEC farm prices into sterling—and the strong pound had removed the main source of unfair competition, but the industry was in no state to take advantage of its improved competitive environment.

Cocoa pact talks start

THE COCOA pact negotiations in Geneva got off to a delayed start after producing and consuming countries failed to agree on a chairman for the talks. However the way was finally cleared by Felipe Jaramillo, from Colombia who, was elected to chair the talks.

The talks, held under the auspices of the U.N. Conference on Trade and Development (Unctad), are aimed at working out terms for a new pact to replace the International Agreement that collapsed in March.

Delegates from producing countries are unlikely to be encouraged by the fact that cocoa prices fell to new four-year lows on the London futures market yesterday. Trade selling forced the March position to close £27 lower at £962.5 a tonne.

Whale pledge

Japan and the Soviet Union yesterday signed agreements lowering the number of Minke whales each country may catch annually in the Southern Hemisphere and allowing each to post observers on the other's whaling ships.
Reuter

BRITISH COMMODITY PRICES

BASE METALS

COPPER—Easier on the London Metal Exchange. After touching £879 in early trading forward metal slipped back to £876 following general liquidatoin and profit-taking. A poor opening on Comex led to further selling with three months falling to £872.5. However, the market rallied strongly following rumours concerning Iran and Jordan and forward metal finally closed the late Kerb at £878. Turnover: 20,525 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	849-50	—12	846-7	—3.5
3 months	876-7	—14½	874-.5	—5
Settlem't	850	—12	—	
Cathodes				
Cash	820-1	—12	817.5-9	—4.25
3 months	848.5-9	—15½	845	—7
Settlem't	821	—12	—	......
U.S. Prod		......	*93.5-102	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £852, 51, three months £877, 78, 78.5, 79, 80, 79, 78, 77. Cathodes, cash £820, three months £849. Kerb: Wirebars, three months £878, 77.5, 77. Afternoon: Wirebars, three months £874, 73, 72, 73, 72.5, 73, 75, 74.5. *Kerb:* Wirebars, three months £877, 76, 77, 77.5, 77.

TIN—Quietly steady as fresh buying and bearcovering lifted forward metal from £6,810 on the early pre-market to a close of £6,850 on the afternoon Kerb. Turnover: 525 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6780-90	—10	6790-800	+40
3 months	6855-60	+15	6850-60	+52.5
Settlem't	6790	—10	—	......
Standard				
Cash	6790-90	—10	6790-800	—40
3 months	6855-60	+15	6850-60	+52.5
Settlem't	6790	—10	—	......
Straits. E.	‡$2085	—15	—	......
New York	—		......	

Morning: Standard cash £6,780, 70, three months £6,850, 55, 50. Afternoon: Standard, three months £6,855, 50, 60. Kerb: Standard, three months £6,850.

LEAD—Lost ground following the fall in copper. Forward metal opened at £367 and edged up to £369 before falling away to £365 on the morning Kerb owing to stop-loss and hedge selling. In the afternoon the price eased to £364 but rallied to close the late Kerb at £366 in line with the rally in copper. Turnover: 4,136 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	349-.50	—5.75	348-9	—5.25
3 months	365-.5	—5.75	364-.5	—5.5
S'ment	350	—5.5	—	......
U.S. Spot	—	......	*42-45	......

Morning: Cash £350, three months £369, 68, 68.5, 68, 67, 68, 65.5, 65. Kerb: Three months £367, 68, 67. Afternoon: Three months £366, 65.5, 65, 64, 65.5, 64.5. Kerb: Three months £364, 65, 66.

ZINC—*Barely changed. Forward metal* moved narrowly between £340.5 and £343 prior to closing the late Kerb at the latter price. Turnover: 4,750 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	329.5-30	—3.5	331-2	—2
3 months	340.5-1	—2.5	341.5-2	—2
S'ment	330	—3.5	—	......
Primw'ts	—	......	*37.5-37.75	—

Morning: Cash £330, three months £343, 42.5, 42, 41.5, 41, 42, 41, 40.5, 41. Kerb: Three months £341. Afternoon: Three months £342, 41.5. Kerb: Three months £341.5, 42, 43.

ALUMINIUM—Drifted on lack of interest which saw forward metal decline from £686 to £681 at which level good support was noted. Closing price on the Kerb was £682. Turnover: 7,450 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	658.5-9.5	—6.25	654-5	—6
3 months	685.5-5	—6.75	681-2	—7.5

Morning: Three months £686, 85.5, 86. Afternoon: Cash £654, three months £685, 86, 85, 83, 82, 84, 83, 82.5, 82, 81. Kerb: Three months £681, 81.5, 82.

NICKEL—Edged higher in routine trading with forward metal opening at £2,715 and moving up to close the late Kerb at £2,732.5. Turnover: 582 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2690-5	—15	2685-90	+22.5
3 months	2725-30	—23.5	2730-5	+18.5

Morning: Three months £2,726, 30, 28. Kerb: Three months 2,725, 22. Afternoon: Three months £2,725, 30, 35. Kerb: Three months £2,730, 35, 30.

PUBLIC NOTICES

HAMPSHIRE CORPORATION BILLS
£33,000,000 Bills issued 24th Oct. 1980 at 14.445549% to mature 21st Nov. 1980. Applications £132,000,000. Outstanding £52,000,000.

M. B. OF SANDWELL
Issued £2,750,000 29.10.80 to mature 28.1.81 at 14¼%. Total applications £23,500,000. Total bills outstanding £8,500,000.

S. GLAMORGAN CORPORATION BILLS
£3,000,000 Bills issued 28th Oct. 1980 at 14¼% to mature 27th Jan. 1981. Applications £21,000,000. None outstanding.

SILVER

Silver was fixed 5.9p an ounce lower for spot delivery in the London bullion market yesterday, at 767.4p. U.S. *equivalents of the fixing levels were:* spot $18.64, down 26c; three-month $19.30, down 25.1c; six-month $20.045, down 26.5c; and 12-month $21.326, down 28.1c. The metal opened at 762-771p ($18.60-18.90) and closed at 755-764p ($18.40-18.60).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	767.40p	—7.2	756p	—13.5
3 months	797.70p	—6.8	786p	—14.5
6 months	829.10p	—7.2		......
12 months	883.80p	—7.2		......

LME—Turnover 137 (73) lots of 10,000 ozs. Morning: three months 791, 90, 91, 92, 96, 95. Kerbs: untraded. Afternoon: three months 785, 84, 85, 89, 87, 85. Kerbs: three months 786, 88, 90.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. Dec. 464.5, 465.0, 465.0-462.0, 73; March 489.0, 489.0, 490.0-488.0, 217; May 501.0, 502.0, 502.5-498.5, 148; July 510.0, 512.0, 511.0-509.0, 38; Oct. 512.0, 512.0, 512.0-505.5, 31; Dec. 515.0, 515.0, 515.0-510.0, 20; March 518.0, 519.5, 515.0-515.0, 1. Sales: 528.

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Oct. 340, 355, nil nil; Dec. 350, 357, 354, 3; Jan. 353, 362, nil, nil; March 359, 362, nil, nil; May 365, 368, 366-364, 3; Aug. 370, 375, 372, 1; Oct. 373, 377, 374, 1; Dec. 377, 382, nil, nil; Jan. 381, 383, 381-380, 5; *March* 380, 384, nil, nil. Sales: 13.

COCOA

Cocoa futures were weak throughout an active day due to continued trade and commission house selling that caused prices to close at the lows of the day with losses of £30. Physical business was active, increased offtake was reported amongst consumers who renewed their scale-down purchasing *policies. Bearish sentiment* was reaffirmed by less optimistic expectations of an agreement being concluded at the Geneva conference, reports Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	922-923	—29.0	953-923
March	962-963	—27.0	989-951
May	980-981	—29.0	1107-980
July	1003-04	—25.5	1025-01
Sept.	1020-21	—28.5	1040-20
Dec.	1044-45	—28.5	1070-44
March	1065-66	—29.5	1085-11

Sales: 4,499 (1,557) lots of 10 tonnes.
ICO Futures—Daily price for Oct. 27 104.42 (104.60): *10-day average* 105.11 (105.23): 15-day average 105.18 (105.31).

COFFEE

Coffee futures again failed to attract much interest during the opening session. Dealings on both sides of a thin market were well matched and prices traded in a narrow range, reports Drexel Burnham Lambert. A quiet New *York did little to lift prospects* of more activity during the afternoon and proceedings were generally dull, until the close when the now expected support was not forthcoming and dealers and jobbers ran to cover their positions.

COFFEE	yesterday's Close £ per tonne	+ or —	Business Done
Nov.	1071-72	—4.5	1083-70
January	1093-95	—16.0	1115-092
March	1055-56	—13.5	1069-54
May	1057-60	—12.0	1068-54
July	1062-63	—14.5	1076-64
Sept.	1066-70	—9.5	1075-71
Nov.	1065-70	—7.5	—

Sales: 1,679 (3,061) lots of 5 tonnes.
ICO Indicator prices for Oct. 27 (U.S. cents per pound). Other Mild Arabicas 127.00 (124.33). Robustas ICA 1976 127.00 (125.50). ICA 1968 127.25 (125.75). Unwashed Arabicas 209.50 (210.00). Comp. daily ICA 1968 157.92 (157.14).

GRAINS

LONDON GRAIN FUTURES—Wheat opened unchanged. Values increased *to trade 35p-40p higher* with good demand but eased back slightly on the distant months to close about steady, unchanged-5p higher on the day. Barley, despite an early rally, came under commercial selling pressure and values closed 15p-25p lower on the day, reports Acli.

	WHEAT		BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
Nov.	96.80	+0.90	92.50	—0.15
Jan.	101.25	+0.05	96.90	—0.20
Mar.	105.25	......	100.90	—0.15
May	109.30	......	109.60	—0.20
July	113.30	+0.15	—	—
Sept.	98.80	+0.10	94.55	—0.10

Business done—Wheat: Nov. 97.30-96.80, Jan. 101.65-101.15, March 105.55-105.15, May 109.65-109.20, July 113.60-113.30, Sept. no trade. Sales: 467 lots of 100 tonnes. Barley: Nov. 92.85-92.30, Jan. 97.10-96.80, March 101.10-100.60, May 104.75-104.04, July no trade, Sept. 94.65-94.60. Sales: 301 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: Oct. 100.25, Nov. 102.50, Dec. 105.75 transhipment East Coast, seller. U.S. Hard Winter, 13½ per cent: Nov. unquoted, Dec. 102.50 transhipment East Coast seller. Maize: French: Nov. 118.75, Dec. 119.75 East Coast. South African Yellow: Nov.-Dec. 86.50 seller. Barley: English Feed fob: Jan. 102 paid *East Coast. Rest unquoted.*

HGCA—Location ex-farm spot prices. Feed barley: S. East 90.70, S. West 90.30, W. Midlands 90.50, N. West 91.40. Other milling wheat: S. East 96.80, W. Midlands 99.40.

The UK Monetary Coefficient for the week beginning Monday November 3 (based on HGCA calculations using 5 days' exchange rates) is expected to change to 0.896.

RUBBER

The London physical market opened slightly easier, with little interest *throughout the day, closing on an uncertain note.* Lewis and Peat reported a fob November price for No. 1 RSS in Kuala Lumpur of 299.5 (301.25) cents a kilo and SMR at 248 (249.5).

No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done
Nov	61.20-61.40	60.40-60.50	61.30
Dec	62.00-62.50	61.50-62.00	—
Jan-Mar	63.80-63.90	63.90-64.00	64.20-63.40
Apr-Jne	67.60-67.70	67.70-67.80	67.90-67.30
Jly-Sept	70.60-70.70	71.00-71.10	70.90-70.60
Oct-Dec	73.60-73.70	74.00-74.20	74.20-73.40
Jan-Mar	76.40-76.50	75.80-76.90	76.80-76.50
Apl-Jne	79.10-79.40	79.50-79.60	—
Jly-Sept	81.80-82.00	82.20-81.60	—

Sales: 239 at 15 tonnes, 1 at 5 tonnes.
Physical closing prices (buyer) were: Spot 58.50p (same); Dec. 62.00p (62.25p); Jan. 63.00p (63.25p).

SOYABEAN MEAL

The London market opened £1 lower on light long liquidation, reports T. G. Roddick. Renewed committee house buying gave the market a steady tone and prices *firmed to show gains of* around £1-£1.50 at which level prices ran into trade selling.

	Yest'rday Close £ per tonne	+ or —	Business Done
December	143.00-43.2	+1.55	143.10-40.80
February	149.90-50.1	+1.15	150.10-47.80
April	151.30-51.5	+1.15	151.10-50.00
June	150.50-50.7	+1.90	150.60-49.50
August	149.10-50.1	+1.85	—
October	155.70-56.0	+0.90	155.90
December	154.50-55.4	—0.95	154.00

Sales: 335 (386) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £35.600 (£383.00) a tonne cif for Oct.-Nov.-Dec. shipments. White sugar daily price was £368.00 (£379.00).

Stop loss selling at the opening was quickly absorbed, selling interest predominated however and during the early afternoon the market touched the lows of the day. During the rest of the session prices gradually improved on arbitrage buying to record gains of *some £8.00 over the day, reports* C. Czarnikow.

No. 4 Contract	Yest'rdays Close £ per tonne	Previous Close	Business Done
Jan	381.80-92.80	398.50-97.00	394.00-86.80
Mch	405.10-05.25	409.25-09.75	415.00-395.0
May	401.00-01.25	406.00-06.25	411.75-393.2
Aug	377.75-78.50	382.25-82.75	385.00-69.50
Oct	345.00-45.25	348.00-48.25	351.00-35.50
Jan	316.00-17.00	315.50-16.00	316.00-04.00
March	307.00-07.25	306.00-06.50	307.00-298.0

Sales: 14,372 (8,223) lots of 50 tonnes.

Number 2 contract—Close (in order buyer, business, sales). Oct. 360.00 buyer, 360.00 only, 9. *Sales 9 (0).*

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £466.00 (£486.00) for export.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 200 tonnes for the second trading day in succession, bringing the total for the week so far to 400 *tonnes. Renewed interest was shown* in a variety of growths, with South American and African qualities in chief request.

POTATOES

LONDON POTATO FUTURES—November opened easier, but persistent buying throughout the day recovered initial losses to close unchanged. February and April found continued buyers due to the weather situation again, and closed within 10p of the highs, reports Coley and Harper. Closing prices: Nov. 43.90 unchanged (high 44.00, low 43.40): Feb. 57.40 +140 (high 57.40, low 56.00): April 67.50 +140 (high 67.60, low 66.10). Turn*over: 111 (73) lots of 40 tonnes.*

PRICE CHANGES

In tonnes unless otherwise stated.

	Oct. 28 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1635/1665	......	$1600/30
Copper			
Cash w'bar	£846.5	—7.5	£840.5
3 mths	£874.25	—7.5	£869.75
Cash Cathode	£816.25	—4.25	£816.5
3 mths	£846	—6.5	£843
Gold troy oz	$631.5	—4	$670.5
Lead Cash	£348.5	—6.25	£377.5
3 mnths	£364.25	—5.5	£393.875
Nickel	£3,168	......	£3,205.0
Freemkt	280/305c	......	290/315c
Platin'mtr'y oz	£202	......	£202
Free mkt	£264.50	—1.35	£286.45
Quicksilvert	$405/415	+5	$415/418
Silver troy oz	767.40p	—5.9	858.15p
3 mths	797.70p	—6.6	892.65p
Tin Cash	£6,795	+40	£7,140
3 mths	£6,855	+52.5	£7,212.5
Tungsten 22.04lb	$148.21	......	$148.76
Wolfrm 22.04 lbs	$145/148	......	$151/154
Zinc cash	£331.5	—2	£334
3 months	£341.75	—2	£345.5
Producers	$823	......	$780
Oils			
Coconut (Phil)	$620y	......	$575
Groundnut	‡	......	‡
Linseed Crude	‡	......	£393
Palm Malayan	$530z	......	$475
Seeds			
Copra Philip	‡	......	$365
Soyabean(U.S.)	‡	......	$329
Grains			
Barley Futures	£96.70	—0.2	£97.85
Maize			
French No3AM	‡	......	£120.5
Wheat			
No.1 Red Spg		......	
No2HardWint	£102.5r	......	£98.50
Eng. Millingt	‡		‡
Other commodities			
Cocoa ship't	£1,003	—31	£1,047
Future Mar.	£962.5	—27	£1,012
CoffeeF t' Jan.	£1,094.5	—16	£1,077.5
Cotton A.Index	99.35c	—0.05	97.70c
Rubber (kilo)	58.50p	......	63.00p
Sugar (Raw)	£365	—18	£360
Woolt'ps 64s kl.	285p kilo	......	283p kilo

‡ Unquoted. y Dec.-Jan. x Dec. r Nov.-Dec. v Nov. w Oct.-Nov. z Indicator. § Buyer. † Per 76-lb flask. * Nominal.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 59.0 to 65.0; Eire hindquarters 69.0 to 74.0, forequarters 44.0 to 46.0. Veal: Dutch hinds and ends 96.0 to 102.0. Lamb: English small 45.0 to 51.0, medium 44.0 to 48.0, heavy 38.0 to 46.0; Scottish medium 44.0 to 48.0, heavy 36.0 to 45.0; Imported frozen: New Zealand PL 52.0 *to 54.0, PM 47.0 to 48.0. Pork: English,* under 100 lb 44.0 to 50.0, 100-120 lb 42.0 to 49.0, 120-160 lb 40.5 to 46.0. Grouse: Young best, each 220.0 to 260.0.

MEAT COMMISSION — Average fatstock prices at representative markets on October 28. GB Cattle 68.35p per kg.lw. (—0.08). UK Sheep 95.42p per kg. est. dcw. (—6.39). GB Pigs 68.01p per kg.lw. (—0.80).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.85, 112 4.70, 138 4.55, 150 4.40; Brazilian: 72/138 3.50-3.60. Lemons—Spania: Trays 25/45 2.40-3.00; Turkish: 10 kg 4.80-5.00; Cyprus: 10 kg 4.80-5.50. Grapefruit—*Honduras: 36/48 5.00-5.20; Cyprus:* 36/42/48/54 4.20-4.50; Cuban: 4.00-4.20; Jaffa: 15 kg 36 5.35, 42 5.25, 48 4.90, 60 4.60, 70 4.30; Dominican: 3.50-5.00. Satsumas—Spania: 210/195/189 3.00-3.20, 168 3.10-3.30, 154 3.40-3.50, 144 3.40-3.50, *126 3.60-3.80, 105* 3.80-4.00. Apples—French: Starkcrimson large boxes 4.50, Golden Delicious approx. 20 lb 72 1.80-2.30, 84 1.50-1.80, 40 lb 125/163 3.00-4.20, Granny Smith 20 lb 72 2.30, 84 1.50-1.60; Greek: Starking 150 4.50; Dutch: Cox's Orange Pippins per pound 0.09; Belgian: Golden Delicious 65/70 28 lb 1.80. Pears—Italian: Per pound Williams 0.13-0.16, Beurre Hardy 0.12, Passecrassana 0.13-0.14; Dutch: Conference 0.11-0.12; Belgian: 0.07-0.08. Plums—Italian: *Boxes, Stanleys per pound 0.10. Grapes*—Italian: Italia 2.00-2.30; Spanish: Almeria 2.00-2.30, Black 2.50-2.60; French: Alphonse 15 lb 2.60. Pomegranates—Spanish: 40/60 2.00-2.80. Melons—Spanish: Yellow 10 kg 3.00-3.50, Green 7/11's 2.30-2.60. Tomatoes—Jersey: 1.30-1.60; Spanish: 2.40-2.80. Onions—Spanish: 3.80-4.00; Dutch: Picklers 3.00, 10 kg 1.40. Cabbages—Dutch: White 2.80-3.00. Cucumbers—Dutch: 12's 3.00; Canary: 10/14's 2.40-2.80. Chicory—Belgian: Per box 3.20-3.50. Nuts—*Brazils per* pound large washed 0.28-0.30, medium 0.25. Walnuts Chinese 30 mm 55 lb 0.32, Almonds large hard 0.38, medium 0.35, Ibiza 0.45, Pecan nuts 0.65, Filberts, Sicilian 19 mm 0.45, mixed nuts 0.30, French Grenobles 0.55, Italian chestnuts 5 kg 4.40-5.00; Spanish 4.50-5.50.

English Produce: Potatoes—Per bag 1.20-1.80. Mushrooms—Per pound 0.40-0.60. Apples—Per pound Bromleys 0.05-0.08, Spartans 0.08-0.10, Worcester Pearmain 0.06-0.08, Cox's Orange Pippins 0.10-0.16, Russets 0.10-0.12. Pears—Per pound Conference 0.08-0.11, Comice 0.14-0.16. Plums—Per 12 Wyedales 1.50. Cabbages—Per bag 1.30, White cabbages 2.40. Cauliflowers—*Per 12 2.80-3.50. Beetroots*—Per bag 1.00-1.20. Cucumbers—Trays 10/20 2.20-2.80. Tomatoes—Per 12 lb 1.20-1.60. Lettuce—Per 12 round 1.30-1.50. Sprouts—Per pound 0.05-0.07. Corn Cobs—Each 0.06-0.08. Carrots—Per 28 lb 0.90-1.20. Onions—Per bag 2.50-2.80, Picklers 2.80. Celery—Per pack 20/30 2.80, naked 12/14 1.20-1.40. Capsicums—Per pound 0.18. Swedes—Per 28 lb Devon 0.80. Cob Nuts—Per pound 0.35. Parsnips—Per 28 lb 1.60-1.80.

*

GRIMSBY FISH—Supply: good; demand: good. Prices at ship's side (unprocessed) per stone: Shell cod £5.60-£6.80, codlings £3.50-£4.80; large haddock £3.50-£5.00, medium £2.60-*£3.50, small £1.80-£2.20; Large plaice* 4.80-£5.40, medium £3.40-£4.60, best small £2.80-£3.50; Skinned dogfish (large) £12.00-£14.00, (medium) £7.00-£7.80; Lemon soles (large) £10.00, (medium) £8.00; Rockfish £3.40-£3.60; Saithe £3.70.

AMERICAN MARKETS

NEW YORK, October 28.

PRECIOUS METALS rallied from heavy *losses to moderate gains on reports* that Jordan would join Iraq in its war, copper followed suit and rallied on trade buying. The livestock complex finished mixed. Soyabeans closed limit up and other grains sharply *higher as the USSR entered the EEC* markets for additional grain and soyabean meal purchases. Cotton rallied also for major gains. Sugar finished higher on further delays in the Soviet harvest. Coffee declined on profit-taking and dealer selling. Cocoa prices retreated sharply on reports of heavy Bahia receipts, reported Heinold.

Potatoes (round whites)—Nov. 88.5-90.0 (91.0). March 127.5-129.0 (129.8), April 150.0-151.0.

Sugar—No. 11: Jan. 40.90 (40.25), March 41.95-42.25 (41.64), May 41.70-41.75, July 40.40-40.50, Sept. 37.85-37.90, Oct. 36.30-36.40, Jan. 32.70, March 32.10-32.20.

Tin—762.0-70.0 (same).

CHICAGO, October 28.

Lard—Chicago loose 23.00 (same). New York prime steam unavailable.

Live Cattle—Dec. 70.10-70.00 (70.30), Jan. 71.40 (71.35), Feb. 72.10-72.15, April 74.30-74.25, June 75.35-75.25, Aug. 74.80, Oct. 73.60, Dec. 74.55.

Live Hogs—Dec. 51.30-51.15 (51.32), Feb. 55.55-55.45 (55.12), April 55.10-55.00, June 58.00, July 58.92, Aug. 57.95, Oct. 56.75, Dec. 57.47, Feb. —.

‡‡Maize — Dec. 377½-378 (370¼), March 389½-389 (381¾), May 393-392¾, July 390-389½, Sept. 375¾-374¾, Dec. 355-354.

Pork Bellies—Feb. 70.70-70.40 (69.90), March 70.70-70.40 (70.02), May 72.20-72.00, July 73.50, Aug. 72.50.

†Soyabeans—Nov. 914½ (884½), Jan. 942 (912), March 967¼-967¾, May 983, July 986½, Aug. 967, Sept. 890-892, Nov. 845-844.

‖Soyabean Meal—Dec. 285.2 (275.2), Jan. 289.1 (279.1), March 293.3, May 292.8, July 292.2-292.3, Aug. 287.0-288.0, Sept. 269.0, Oct. 250.5, Dec. 247.0-248.0, Jan. —.

Soyabean Oil — Dec. 27.00 - 26.95 (26.03), Jan. 27.35-27.40 (26.43), March 28.05-28.10, May 28.55-28.50, July 29.15-29.20, Aug. 28.75-28.80, Sept. 28.15, Oct. 27.15, Dec. 26.95, Jan. —.

†Wheat—Dec. 541-542 (529½), March 561½-562½ (550¾), May 565-566, July 539-539½, Sept. 546½, Dec. 557.

WINNIPEG, Oct. 28. §Barley—Oct. 143.90 (142.80), Dec. 145.30 (143.60), March 149.00, May 149.40, July 149.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, Oct. 28.

Wheat—U.S. No. 2 Dark Hard Winter, 13½ per cent, Nov. $226.50, Dec. $228.50, *Jan.* $237. U.S. No. 2 Red Winter Oct. $226, Nov. $222.50, Dec. $225. U.S. No. 2 Northern Spring, 14 per cent, Oct. $222, Nov. $224, Dec. $227.50, Jan. $243.50.

Maize—Afloat $165, Oct. $165, Nov. $167.50, Dec. $172.50, Jan./March $182, April/June $185, July/Sept. $181, Oct./Dec. $179.

Soyabeans—U.S. Two Yellow Gulfports afloat $346, Nov. $348.15, Dec. $359.20, Jan. $367, Feb. $375.25, March $379.50, April $383.25, May $384.75, *June* $385.75, *July* $387, Aug. $385, Sept. $380, Oct. $335.50, Nov. $335, Dec. $340.75 sellers, with Jan. $368.50 paid.

Soyameal—44 per cent protein, U.S. afloat $332, Oct. $327, Nov. $328, Dec. $332, Nov./March $340. Brazil Pellets afloat $339, Oct. $339, Nov. $341, Dec. $345, Nov./March $349.

PARIS, Oct. 28.

Cocoa—(FFr per 100 kg): Dec. 950-970, March 996-1,000, May 1,017-1,035, July 1,060, Sept. 1,053, Dec. 1,080-1,120. Sales at call: nil.

Sugar—(FFr per 100 kg): Dec. 4,003-4,010, March 4,156-4,160, May 4,205-4,220, July 4,030-4,100, Aug. 4,060-4,080, Oct. 3,760-3,800, Nov. *unquoted,* Dec. 3,500-3,610. Sales at call: 23.

INDICES

FINANCIAL TIMES

Oct. 27	Oct. 24	Mnth ago	Year ago
275.99	276.87	272.78	287.79

(Base: July 1, 1952=100)

MOODY'S

Oct. 24	Oct. 23	M'nth ago	Year ago
1331.5	1321.4	1299.3	1128.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Oct. 27	Oct. 24	Month ago	Year ago
Spot	481.25	488.02	457.44	397.45
F'tur's	500.84	505.20	480.80	402.41

(Average 1924-25-26=100)

REUTERS

Oct. 28	Oct. 27	M'nth ago	Year ago
1740.9	1751.2	1735.1	1668.3

Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Tone unsettled late by Government's determined stance on monetary policy—Oil shares active and strong

Account Dealing Dates
Options

*First Dealings	Declara-tions	Last Dealings	Account Day
Oct. 13	Oct. 23	Oct. 24	Nov. 3
Oct. 27	Nov. 6	Nov. 7	Nov. 17
Nov. 10	Nov. 20	Nov. 21	Dec. 1

* "New time" dealings may take place from 9 am two business days earlier.

Led by a strong Oil sector, London equity markets yesterday maintained a firm trend for most of the trading session before easing back in the after-hours' business on Mrs. Thatcher's dampening remarks about interest rates.

The overnight setback on Wall Street made for a cautious start in leading equities but, helped by the strength of Oils triggered by reports of a cut-back in Saudi Oil production, occasional support developed. Buying interest was again very selective. British Petroleum were well to the fore, while some of the more speculative oil exploration issues also claimed a fair measure of support.

Other sectors to show up well in a quiet day's trading included Stores, in which revived demand found the market short of stock and was quickly reflected in some substantial gains. Selected Food shares also encountered further buying with Sainsbury again outstanding.

Down 1.7 at the first, 10.00 am calculation, the FT 30-share index picked up to record a net rise of 1.6 a couple of hours later and held at much the same level until 3.00 pm. The late tone, however, was unsettled by the Prime Minister's statement and quotations eased a penny or so in the late trade to leave the index 0.6 down on the day at 495.5.

The FT-Actuaries Oil share index rose 2.1 per cent to a new high since compilation of 994.65. The Electrical sector, at 949.62, also recorded a new all-time high, as did also the 500 and All-share indices.

The absence of a lead from the Chancellor about the prospects of an early reduction in domestic interest rates together with the upward pressure on U.S. Treasury bill rates made for a drab trading session in the Gilt-edged sector. Mediums and longs drifted off on occasional offerings with the trend continuing dull in the late dealings following Mrs. Thatcher's remarks. Final quotations in long Gilts recorded losses extending to ⅜, while short-dated stocks finished with falls ranging to ¼.

Quieter conditions prevailed in Traded options with the volume of contracts amounting to 974, the lowest total so far this month. Among the more active issues, Grand Metropolitan and BP recorded 193 and 155 deals respectively.

Grindlays easier

Cautious comment in the wake of the previous day's Press-inspired rise of 15 on take-over hopes induced profit-taking in **Grindlays** which drifted steadily lower to close 8 down at 162p. Elsewhere in a quieter banking sector, the major clearers continued to make good progress on renewed investment buying but closing levels were a couple of pence below the day's best. **Barclays** ended 10 to the good at 470p and **Midland** rose 6 to 356p. Irish issues, however, came on offer with **Bank of Ireland** down 10 at 312p and **Allied Irish** 3 cheaper at 115p. In merchant banks, **Kleinwort Benson** added 5 to 262p but **Hambros** relinquished 2 to 660p.

Firm conditions prevailed in Insurances. Consideration of the group's oil interests helped **London United Investments** rise 17 to 210p, while **Stewart Wrightson** added a similar amount to 222p. **Pearl** rose 4 to 472p as did **London and Manchester**, to 228p.

Noteworthy movements in Buildings were few. **Taylor Woodrow** firmed 10 to 462p and, still on the preliminary results, **Bryant Holdings** added 2 more to 95p. Interest was shown in **Rugby Portland Cement** which hardened a couple of pence to 79p, while **Higgs and Hill** put on 3 to 83p, but **Mixconcrete** lacked support and shed 4 to 65p. Buying ahead of today's interim results left **G.M. Callendar** 2 dearer at 27p.

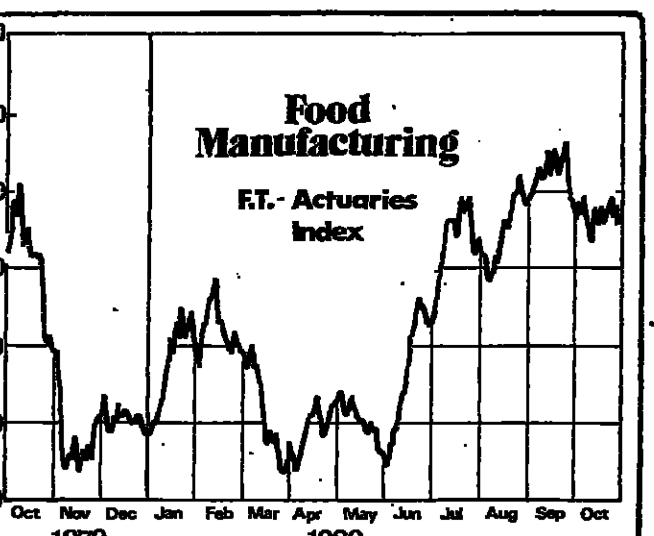
Interest in **ICI** petered out and the close was unchanged at 340p, after 342p. Elsewhere in the Chemical sector, **Coates Brothers** remained at 55p despite the lower half-yearly profits and the Board's gloomy remarks about current trading.

Burton dip and rally

Adverse Press comment prompted early weakness in **Burton** which fell to 91p before rallying sharply to close only 2 lower on balance at 96p following the managing director's optimistic remarks about next month's preliminary results; the Warrants, down to 31p at one stage, ended a net 2 dearer at 36p following option business. Elsewhere in Stores, sentiment remained firm as the traditional pre-Christmas support continued. **British Home Stores**, 166p, and **Raybeck**, 75p, added 4 apiece, while **Gussies "A"** continued to attract good support and finished 10 better at 484p. Interest was again shown for electrical retailers with **Comet Radiovision**, 112p, and **Currys**, 277p, both improving around 10, while **Dixons Photographic** rose 7 more to 142p. Renewed speculative buying lifted **Polly Peck** 6 for a two-day gain of 15 at 152p, while **Cornell Dresses** advanced 6 at 78p. Recovery prospects helped **W. L. Pawson**, 2 up at 29p, while similar gains were recorded in **Sumrie Clothes**, 21p, **Bakers**, 82p, and **A. G. Stanley**, 61p.

BICC stood out in Electricals with a rise of 10 to 174p following fairly persistent investment demand. **Cray Electronics** attracted buyers before, and after, the annual general meeting and closed a similar amount better at 90p, after 93p, while **AB Electronic** continued firmly at 200p, up 8. News that its bid for **Laurence Scott** had not been referred to the Monopolies Commission helped **Mining Supplies** improve 5 to 135p, while **LS** ended 2 dearer at 60p. Improvements of around 5 were seen in **Air Call**, 228p, **First Castle Securities**, 72p, and **Forward Technology**, 133p. **Plessey** moved between extremes of 268p and 263p after comment on the company's 4-year £150m defence communication system contract before finishing a net penny dearer at 267p. **GEC** touched 567p before closing 2 off at 570p. **Hawthorn Leslie** were unaltered at 135p; the price in yesterday's issue was incorrect.

Engineering plotted an irregular course in thin trading. The leaders closed a shade easier with **John Brown**, 77½p, and **GKN**, 173p, down a penny apiece. Elsewhere, **Matthew Hall** dipped 4 to 292p and **United Engineering** relinquished 5 to 168p, but **ML** improved 5 to 315p.



Selected Foods made fresh progress under the lead of **J. Sainsbury** which firmed 20 more to a 1980 high of 580p ahead of the interim figures expected early next month. **Bejam** put on 5 for a two-day gain of 14 to 116p, while **Associated Dairies** added 5 to 242p and **Kwik Save** rose 3 to 149p. Elsewhere, **Bernard Matthews** jumped 20 to 250p in a thin market, while **Chambers and Fargus** revived with a gain of 4 at 40p. Against the trend, **Tate and Lyle** shed 6 to 154p on lack of follow-through support; the shares were wrongly shown as xd yesterday when the price rise should have been shown as 4, not 6.

Hotels and Caterers featured **Prince of Wales Hotels** which put on 6 to 73p on revived bid rumours. Among the leaders, **Grand Metropolitan** hardened 2 to 166p, but **Ladbroke** gave up 3 for a two-day fall of 7 to 242p.

Unilever down

Nevous offerings ahead of the forthcoming interim results prompteda fall of 10 to 460p in **Unilever**. **Metal Box**, half-year figures due November 24, gave up 6 to 244p, while **Bowater** declined 4 to 184p o nprofit-taking. Second-quarter profits from **Reed International** were deemed satisfactory and the shares improved 3 to 195p, after 196p, while revived take-over suggestions lifted **Turner and Newall** 2½ to 97p, after 98p. Reflecting the current popularity of Store issues, **Boots** gained 5 to 254p. Elsewhere in miscellaneous industrials, **Avon Rubber** rose 6 to 93p on a resurgence of speculative buying, while **Applied Computer** added 15 to 490p in a thin market. Investment support lifted **Ricardo** 10 to 490p and **Bestobell** gained 5 to to 320p. By way of contrast, **Hunting Associated** fell 30 to 330p and **Denbyware** 6 to 87p.

Horizon Travel put on 12 for a two-day gain of 22 to 370p in response to the proposed two-for-one scrip issue and improved concessions to shareholders. Buying in a thin market lifted **Campari** 6 to 66p while, among television issues, **Grampian A** added 3 to a 1980 peak of 39p.

British Car Auction stood out in otherwise subdued Motor Distributors, rising 3 to 78p on the 25 per cent scrip issue accompanying the much-as-expected annual profits. In Components, **Lucas** continued a volatile market and eased 5 to 178p on nervousness ahead of next month's annual results.

A rising market since the proposed saleof the group's newspaper titles wa sannounced last week, **International Thomson** encountered profit-taking and eased 6 to 372p. Other major publishing issues traded quietly and closed without significant alteration.

Properties had a quietly firm appearance, **Land Securities** hardening a penny to 394p and **MEPC** improving 2 to 241p. **Haslemere Estates** put on 6 to a high for the year of 388p and **Hammre sonA** **Hammerson A** firmed 5 to 595p. **Town and City** touched 29¾p before closing ¼ cheaper on balance at 29½p. Up 10 on Monday as bid rumours revived, **Rush and Tompkins** added 4 afresh to 232p. Dealings in the shares of **Dorrington** were suspended with the price at 114p pending the outcome of an approach which may lead to an offer for the company.

Oils strong

The Saudi Arabian decision to reduce oil output stimulated another firm and active day's trading in the Oil sector which displayed numerous double-figure gains. **British Petroleum** rose 12 afresh to 476p and **Shell** added 4 more to 462p. Outside the leaders, **Tricentrol** and **Ultramar** both gained 12 to 418p and 490p respectively, while **Lasmo** rose 15 to 860p. Favourabel Press comment prompted fresh demand for recently dull **Aran Energy** which jumped 55 to 325p, while **I C Gas** picked up 16 to 332p for a like reason. Against the trend, **Burmah** were subdued and eased a couple of pence to 202p and **Sovereign** cheapened 4 to 480p. Elsewhere, **Double Eagle** relinquished 50 to 725p and **Warrior Resources** 35 to 360p, while **Shackleton Petroleum** shed 10 to 103p.

Capital issues again dominated Investment Trusts. **Derby Capital** rose 9 at 306p, while **M and G Capital**, 236p, and **Triplevest Capital**, 340p, added 7 and 6 respectively. **Wemyss**, annual results November 6 firmed 5 to 375p.

Textiles again displayed a firmer appearance. **Coats Patons** continued to improve ahead of tomorrow's interim report, adding 1½ more at 55p.

South African industrials were mixed. **OK Bazaars** jumped 80 to 810p in response to the substantially higher interim profits and dividend, while **South African Breweries** added 7 more to 174p. **Abercom**, on the other hand, lost the previous day's gain of 11 and closed at 144p.

Golds below best

After an initial mark-up, prompted by strong overnight American buying, and a minor flurry of local buying interest, South African Golds tended to ease on small profit-taking in the absence of fresh buying.

Nevertheless, prices closed well above the previous day's closing levels and the Gold Mines index registered a rise of 8.2 for a two-day rally of 38.7 to 496.5.

In the heavyweights, **Randfontein**, £1½ u pat £42½, and **Hartebeest**, £1¼ firmer at £43¼, were outstanding, while **Western Holdings** gained ¾ to £47⅛ and **Kloof** ⅜ to £20⅞. The medium and lower-priced issues were featured by **South African Land**, 24 better at 587p, and **Loraine**, 20 up at 402p.

South African Financials held quietly steady. Gains of around ¼ were common to "**Amgold**," £54¾, and **Gencor**, £10¾, while "**Amcoal**" were prominent and finally a half-point to the good at a year's high of £14½.

Easier metal prices coupled with lackof interest left London-registered Financials showing minor falls. **Rio Tinto-Zinc** dipped 5 to 475p, **Gold Fields** 3 to 637p and **Charter** 2 to 275p.

Australians were generally steady to a shade firmer although the section provided firm features in the Rundle twins, which continued to advance on hopes of higher oil prices. **Cnertal Pacific** added 15 more to a peak 460p and **Southern Pacific** rose 6 to 176p.

The specualtive issues showed **Cultus Pacific** 7 up at 37p, **Oilmin** 15 to the good at 170p and **Leichardt Exploration** 10 firmer at 140p.

On the other hand, **Kitchener Mining** relinquished 25 to 345p and **Whim Creek** 10 to 80p.

The recent weakness of tin prices on the LME left Tins showing minor losses with falls of 5 common to **Berjuntal**, 255p, and **Ayer Hitam**, 315p.

FINANCIAL TIMES STOCK INDICES

	Oct. 28	Oct. 27	Oct. 24	Oct. 23	Oct. 22	Oct. 21	A year ago
Government Secs	71.53	71.71	71.55	71.25	71.27	70.83	68.17
Fixed Interest	72.53	72.30	72.49	72.49	72.34	72.34	70.09
Industrial Ord.	495.5	496.1	495.5	492.5	488.7	484.0	439.1
Gold Mines	496.5	488.3	457.8	471.2	484.3	472.0	193.9
Ord. Div. Yield	7.36	7.36	7.37	7.41	7.50	7.60	7.[illegible]
Earnings, Yld. % (full)	16.63	16.64	16.66	16.75	16.94	17.17	18.48
P/E Ratio (net) (*)	7.34	7.33	7.32	7.28	7.20	7.10	6.69
Total Bargains	21,780	22,557	23,733	22,834	21,616	20,665	18,062
Equity turnover £m.	—	131.65	166.92	192.31	199.35	136.71	89.068
Equity bargains total	—	17,631	19,844	20,273	17,809	17,515	13,880

10 am 494.4. 11 am 496.8. Noon 497.7. 1 pm 497.7. 2 pm 497.6. 3 pm 497.4.
Latest Index 01-246 8026.
*Nil=6.83

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt Secs.	72.54 (21/7)	63.85 (7/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind.Ord.	508.9 (12/3)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
GoldMines.	558.9 (22/8)	265.5 (18/3)	558.9 (22/8/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 28	Oct. 27
—Daily		
Gilt Edged	114.6	98.3
Industrials	104.9	110.2
Speculative	43.1	41.4
Totals	77.0	77.6
5-day Avrge.		
Gilt Edged	103.4	108.6
Industrials	107.8	101.9
Speculative	46.1	50.8
Totals	77.0	76.6

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (204)

BRITISH FUNDS (4)
BANKS (9)
BEERS (1)
BUILDINGS (3)
CHEMICALS (2)
DRAPERY & STORES (6)
ELECTRICALS (11)
ENGINEERING (2)
FOODS (5)
HOTELS (1)
INDUSTRIALS (7)
INSURANCE (6)
LEISURE (3)
MOTORS (1)
PAPER (1)
PROPERTY (6)
SHIPPING (1)
SOUTH AFRICANS (3)
TEXTILES (2)
TRUSTS (103)
OIL & GAS (18)
OVERSEAS TRADERS (1)
MINES (7)

NEW LOWS (12)

ENGINEERING (2)
Camford Eng. Clifford (Ch.)
INDUSTRIALS (8)
Assoc. Comms. A Hyman (I. & J.)
Cole (R. H.) Letraset
Courtney Pope Talbex
Hawtin UKO Int.
PAPER (1)
Capseals
TEAS (1)
Lawrie Plantations

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	71	20
Corpns. Dom. and Foreign Bonds	4	1	50
Industrials	240	162	860
Financial and Prop.	225	31	239
Oils	34	8	18
Plantations	5	5	14
Mines	68	30	52
Others	39	47	89
Totals	619	355	1,490

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
Cambridge Pet.	20p	15	370	−10	380	165
Tricentrol	25p	13	418	+12	424	250
New Court Nat. Res.	5p	11	87	+ 5	87	32
Edinburgh Secs.	25p	10	298	+12	298	100
BP	25p	9	476	+12	478	320
Premier Cons.	5p	9	116	+ 3	116	36
Royal Dutch	Fl.20	9	£41	+ ¼	£42½	£32
BICC	50p	8	174	+10	174	95
Raybeck	10p	8	75	+ 4	81	54
Charterhall	5p	7	108	+ 6	108	52½
Clyde Pet.	£1	7	820	+30	820	230
ICI	£1	7	340	—	402	318
Imp. Cont. Gas	£1	7	332	+16	332	198
Shell Transport	25p	7	462	+ 6	464	314
Ultramar	25p	7	490	+12	495	206

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 20	Oct. 31	Jan. 22	Feb. 2
Nov. 3	Nov. 14	Feb. 5	Feb. 16
Nov. 17	Nov. 28	Feb. 26	Mar. 9

For rate indications see end of Share Information Service

tocks favoured for the call included Town and City Properties, Grand Metropolitan, Weir Group, Hampton Trust, Premier Oil, Silvermines, Turner and Newall, Attock Oil, Amalagamated Estates, Muirhead, Australian Consolidated Minerals, Blackman Conrad, BSR, Burmah, Charterhall, Belhaven, Sovereign, Western Holdings, Raglan Properties, Duplop, Charterhouse Petroleum and Giltspur. Puts were arranged in Tesco, ICI, Town and City Properties, Dixons Photographic and Ocean Transport and Trading. Double options were completed in Burton Warrants, Dunlop, Chartehall, House of Fraser and Charterhouse Petroleum.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Oct. 28, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon. Oct. 27 Index No.	Fri., Oct. 24 Index No.	Thurs., Oct. 23 Index No.	Wed., Oct. 22 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	294.44	+0.2	14.99	5.63	8.10	293.71	293.94	293.59	291.30	219.78
2	Building Materials (28)	250.33	+0.2	19.00	6.85	6.25	249.72	251.60	252.24	252.97	217.99
3	Contracting, Construction (27)	428.08	+0.6	21.25	5.85	5.55	425.54	425.61	427.24	426.95	351.54
4	Electricals (17)	949.62	+0.2	10.30	2.84	11.92	947.88	947.72	945.18	928.60	548.16
5	Engineering Contractors (11)	363.23	+0.2	17.05	7.11	7.48	362.62	358.45	357.29	356.38	304.57
6	Mechanical Engineering (72)	182.48	+0.2	15.87	7.32	7.68	182.11	181.70	180.93	179.78	147.86
8	Metals and Metal Forming (16)	153.51	+0.4	19.01	10.66	6.56	152.97	153.53	153.75	154.01	151.98
11	CONSUMER GOODS (DURABLE) (48)	248.52	—	12.88	5.07	9.29	248.42	246.59	247.13	245.22	212.93
12	Lt. Electronics, Radio, TV (14)	390.42	+0.3	9.74	3.55	12.49	389.41	385.58	387.86	383.68	301.60
13	Household Goods (13)	88.53	−0.3	25.55	11.11	4.95	88.83	88.65	88.35	88.99	133.15
14	Motors and Distributors (21)	95.29	−0.7	22.67	9.82	5.08	95.99	96.10	95.81	95.16	101.84
21	CONSUMER GOODS (NON DURABLES) (171)	247.74	+0.6	16.54	6.52	7.30	246.35	244.48	243.47	241.52	220.58
22	Breweries (14)	282.36	−0.1	16.04	6.52	7.28	282.61	279.52	277.79	280.63	271.13
23	Wines and Spirits (5)	295.80	−0.9	20.69	6.91	5.72	298.36	297.58	296.40	295.21	315.16
24	Entertainment, Catering (17)	364.78	+0.7	15.95	6.14	7.73	362.41	357.64	353.43	346.15	306.99
25	Food Manufacturing (22)	216.45	−0.4	18.38	7.05	6.43	217.42	216.69	217.84	219.43	201.86
26	Food Retailing (13)	416.61	+2.4	11.41	3.71	10.38	406.91	399.39	400.32	394.29	292.87
32	Newspapers, Publishing (12)	445.67	—	22.18	6.53	5.89	445.49	442.19	442.63	444.53	482.64
33	Packaging and Paper (15)	125.72	−0.8	27.81	10.30	4.19	126.78	125.89	123.83	122.55	128.87
34	Stores (44)	257.59	+1.5	11.75	4.89	11.10	253.83	252.55	250.18	244.90	212.57
35	Textiles (21)	130.59	+0.1	23.99	11.74	5.08	130.51	128.55	128.94	128.88	143.81
36	Tobaccos (3)	222.00	—	25.85	10.49	4.40	222.00	220.71	221.80	221.80	216.38
37	Toys and Games (5)	25.26	—	8.90	11.34	25.97	25.26	24.82	25.00	25.54	58.93
41	OTHER GROUPS (98)	225.38	—	15.48	6.94	7.74	225.29	222.86	221.53	219.70	191.74
42	Chemicals (15)	308.06	+0.1	17.21	7.89	6.79	307.76	303.70	300.13	295.91	271.29
43	Pharmaceutical Products (7)	229.67	−0.3	10.93	6.10	11.32	230.31	228.87	228.15	227.11	209.73
44	Office Equipment (6)	110.00	−0.2	18.69	7.56	6.26	110.23	107.26	107.17	105.21	108.67
45	Shipping (10)	580.02	−0.1	12.67	6.23	9.63	580.77	579.17	575.96	569.19	444.37
46	Miscellaneous (60)	286.69	+0.2	16.14	6.49	7.56	286.04	283.28	282.50	281.92	226.37
49	INDUSTRIAL GROUP (488)	261.95	+0.3	15.61	6.26	7.73	261.10	259.55	258.71	256.64	219.64
51	Oils (12)	994.65	+2.1	24.16	5.29	4.61	974.13	972.38	980.86	972.38	737.88
59	500 SHARE INDEX	319.83	+0.7	17.69	6.03	6.64	317.45	315.88	315.76	313.19	260.60
61	FINANCIAL GROUP (118)	260.37	+0.9	—	5.04	—	258.16	255.09	253.81	254.61	180.88
62	Banks (6)	267.32	+1.6	38.22	6.30	3.13	263.23	258.94	258.09	261.73	208.72
63	Discount Houses (10)	300.42	+0.5	—	5.72	—	299.05	300.13	302.83	300.85	235.43
64	Hire Purchase (5)	242.35	+0.1	10.24	4.16	13.18	242.08	237.84	235.46	232.10	174.12
65	Insurance (Life) (10)	272.22	+0.5	—	4.84	—	270.98	268.66	268.83	267.91	148.15
66	Insurance (Composite) (9)	177.96	+1.0	—	6.38	—	176.18	173.32	172.65	172.97	118.09
67	Insurance Brokers (9)	344.98	+1.4	13.35	6.70	10.26	340.18	337.80	340.60	343.74	261.80
68	Merchant Banks (13)	161.27	+1.6	—	4.71	—	158.73	156.95	158.35	157.82	93.18
69	Property (45)	473.46	+0.4	3.05	2.58	45.71	471.64	468.96	463.40	463.82	334.30
70	Miscellaneous (11)	166.83	−0.3	15.55	5.69	8.13	167.31	164.50	160.75	160.91	118.18
71	Investment Trusts (109)	296.23	+0.7	—	4.96	—	294.04	289.83	289.04	289.31	196.04
81	Mining Finance (3)	271.55	−0.8	13.09	4.83	9.10	273.68	270.48	267.59	271.57	140.16
91	Overseas Traders (20)	458.57	−0.4	10.93	6.52	11.05	460.64	457.32	458.65	462.79	327.98
99	ALL-SHARE INDEX (750)	309.33	+0.7	—	5.75	—	307.18	305.01	304.53	303.17	238.23

FIXED INTEREST PRICE INDICES

	British Government	Tues. Oct. 28	Day's change %	Mon. Oct. 27	xd adj. today	xd adj. 1980 to date
1	Under 5 years	106.79	−0.03	106.82	—	8.78
2	5-15 years	113.96	−0.25	114.25	—	10.68
3	Over 15 years	119.97	−0.23	120.24	—	11.97
4	Irredeemables	131.78	−0.32	132.21	—	13.32
5	All stocks	113.32	−0.17	113.52	—	10.39

FIXED INTEREST YIELDS British Govt. Av. Gross Red.

			Tues. Oct. 28	Mon. Oct. 27	Year ago (approx.)
1	Low Coupons	5 years	11.48	11.44	11.30
2		15 years	11.45	11.41	11.59
3		25 years	11.45	11.41	11.88
4	Medium Coupons	5 years	13.00	12.96	13.09
5		15 years	13.02	12.98	13.07
6		25 years	12.77	12.74	13.07
7	High Coupons	5 years	13.11	13.07	13.51
8		15 years	13.28	13.24	13.53
9		25 years	12.94	12.91	13.32
10	Irredeemables		11.00	10.96	11.68

		Tues., Oct. 28 Index No.	Tues., Oct. 28 Yield %	Mon. Oct. 27	Friday Oct. 24	Thurs. Oct. 23	Wed. Oct. 22	Tues. Oct. 21	Mon. Oct. 20	Friday Oct. 17	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	54.57	†13.59	54.58	54.46	54.44	54.43	54.44	54.40	54.64	56.40
16	Investment Trust Prefs. (15)	50.85	13.31	50.85	50.99	51.02	51.02	51.05	51.05	51.05	48.41
17	Coml. and Indl. Prefs. (20)	68.00	13.19	68.00	68.00	68.01	68.13	68.09	68.09	68.04	64.10

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price p	+ or −	Div. p or Amount	Times Covered	Gross Yield	P.E. Ratio
80	F.P.	—	80	70	††H'sk'th M'rcyc's 50p	72	......	—	—	—	—
§15	F.P.	—	32	26	††Intervision Pfd. 10p	28	......	—	—	—	—
67	F.P.	—	145	92	††ORE	126	−2	—	—	—	—
§180	F.P.	—	200	180	††Trust Securities 40p	200	......	†7.88	2.9	5.6	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980 High	1980 Low	Stock	Closing Price £	+ or −
§100p.	F.P.	—	118p	96p	††Intervision 7%Cnv. Pref.	107p	−2
¶	£10	8/1	106½	105½	Lee Valley Water 9⅜% Red. Pref. 1987	106⅛	......
‖	F.P.	31/10	117	106	Queens Moat 10⅛% Cons Uns Ln '89-91	110	+2½
‖	F.P.	10/11	115	103½	R.T.Z. 9½% Conv. Uns. Ln. '95-2000	110p	−1
★	F.P.	—	97¾	95	S. Rhodesia 6% '78-81 Asstd.	97¾	+1
★	F.P.	—	70	61	Do. 4½% '77-82 Asstd.	68	+4
★	F.P.	—	42	31	Do. 3½% '80-85 Asstd.	38	+3
★	F.P.	—	26	20½	Do. 4½% '87-92 Asstd.	24	......
‖	Nil	—	9pm	3½pm	TownCentreSecs.9%Cnv.Uns.Ln.'96.2000	9pm	......
‖	F.P.	17/10	36⅛	35¼	Western Deep 12% Uns. Deb. '86-93	36⅛	......
—	—	—	11⅞	10	Do. Options	11	......
★	F.P.	—	512	275	Zimbabwe settlement annuity Reg	295	+10

"RIGHTS" OFFERS

Issue price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980 High	1980 Low	Stock	Closing price p	+ or −
54	Nil	31/10	5/12	20pm	15pm	Argyll Foods	20pm	......
300	F.P.	20/10	5/12	386	342	BTR	390	+4
116	Nil	3/11	15/12	20pm	17pm	Brixton Estate	19½pm	+½
27	Nil	6/11	4/12	10pm	6pm	Bulgin (A.F.) A	10½pm	+½
650	F.P.	20/10	10/11	800	765	Burnett & Hallamshire	765	......
A$360	Nil	—	—	160pm	130pm	CRA	148pm	−1
157	Nil	31/10	21/11	41pm	17½pm	Cape Industries	43pm	+2
500	Nil	31/10	26/11	£3½pm	£2½pm	Commercial Bk. of Nr. East	£3½pm	......
R30	Nil	—	31/10	£23½pm	£10½pm	ΔEast Rand Prop. Units	£12⅛pm	+2⅛
A$	Nil	—	—	5pm	5pm	ElderSmith GoldbroughM'rt	5pm	......
80	Nil	31/10	26/11	43pm	35pm	Huntleigh	40pm	......
15	F.P.	—	—	32	27	††Intervision	29	+1
100	F.P.	—	—	116	101	Do 7% Cnv Pref	110	......
73	Nil	—	—	13pm	12pm	Lilley (F.J.C.)	13pm	......
240	F.P.	6/10	14/11	368	318	M. L. Hldgs.	318	......
280	F.P.	17/10	7/11	354	302	Mills & Allen	350	−4
25	Nil	12/11	26/11	98pm	93pm	Mucklow (A.J.)	93pm	......
260	F.P.	—	—	400	317	††Pict Petroleum	410	+10
80	Nil	3/11	24/11	5pm	5pm	Pyke (Hldgs)	5pm	......
370	F.P.	17/10	14/11	480	428	Ricardo	495	+15

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *p*† Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. † Dealings under special rule. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. Δ Linked units of 4 ord. and 1 option.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneve 11 (Switzerland)

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey. 0534 27561

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (z)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	52.7	56.7	-0.3	2.56
Abbey Capital	45.5	49.2	+0.3	4.98
Abbey General	56.7	61.3	+0.7	5.12
Abbey Gilt & F.I. Tst.	115.2	121.5	-0.4	11.28
Abbey Income	34.0	36.8xd	+0.1	9.40
Abbey W'Wide Bd Tst.	88.6	93.8	+0.2	7.14
Abbey Inv. Tst. Fd.	49.7	53.7	+0.3	4.73
Equitas Prog. Tst.	86.8	93.8	+0.4	4.59

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	93.7	98.6	-1.4	12.31

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	90.2	96.5	+0.5	5.98
Brit. Inds. Fund	80.4	86.0	+0.5	6.21
Growth & Income	51.2	54.8	+0.3	5.07
Elect. & Ind. Dev.	44.7	47.8xd	+0.2	5.23
Allied Capital	96.5	103.3xd	+0.8	5.02
Hambro Fund	137.8	147.4	+0.6	5.87
Hambro Acc. Fund	183.7	196.6xd	+1.4	4.63
Income Funds				
High Yield Fd.	65.4	70.0	+0.2	9.57
High Income	78.3	83.8xd	+0.2	7.58
A. H. Eq. Inc.	46.3	49.5	+0.3	7.39
Govt. Secs.	26.8	27.5	-0.1	11.31
International Funds				
International	33.4	35.7	-0.1	2.77
Pacific Fund	57.8	61.8	+0.4	1.97
Secs. Of America	64.9	69.4	-0.7	2.31
Specialist Funds				
Smaller Co.'s Fd.	55.2	59.1	+0.3	4.23
2nd Smlr. Co's Fd.	64.9	69.4xd	+0.2	4.32
Recovery Sits.	135.4	144.9xd	+0.4	5.56
Met. Min. & C'dty.	72.9	78.0xd	+0.2	4.62
Overseas Earnings	69.8	74.7	+0.3	4.94
Exempt Funds				
Income Exempt	49.0	51.5	+1.5	8.25
Far East Exempt	63.0	65.5	+0.4	2.29
Smaller Co. Exempt	83.3	87.5xd	+0.5	4.57
U.S.A. Exempt	112.6	117.1xd	-0.8	2.99

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	67.8	72.9xd	.....	3.92

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	145.0	155.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital††	34.0	36.7	.....	—
Commodity***	100.2	108.2	.....	2.54
(Accumulation)	154.9	167.2	.....	2.54
(10% Withdrawal)	78.4	84.6	.....	2.54
Eastern & Internatl.†	35.5	38.3	.....	1.00
(6% Withdrawal)	25.0	27.0	.....	1.00
Extra Income	91.3	98.6	+0.3	11.14
(Accumulation)	104.0	112.5	+0.2	11.14
Finance & Property*	25.8	27.8	+0.8	3.72
Foreign††	123.0	133.8	.....	1.00
Giants	44.9	48.4	+0.3	2.89
(Accumulation)	57.5	62.1	+0.5	2.89
Gilt & Fixed	45.2	47.4	-0.3	41.58
(Accumulation)	47.4	49.7	-0.3	11.58
Growth	43.8	47.3	+0.3	2.86
(Accumulation)	56.6	61.1	+0.5	2.86
High Income	35.7	38.5	+0.1	10.42
(Accumulation)	58.1	62.7	+0.1	10.42
(8½% Withdrawal)	47.3	51.0	+0.1	10.42
High Yield	42.0	45.3	-0.9	11.78
(Accumulation)	71.9	77.6	-1.6	11.78
North American††	34.1	36.8	.....	1.00
Preference	22.1	24.1xd	.....	13.70
(Accumulation)	42.6	46.5xd	+0.1	13.70
Smaller Companies*	32.4	35.3	+0.7	4.05

Dealings: †Tues. *Wed. ††Thurs. ***Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
317, High Holborn, WC1V 7NL. 01-831 6233

Archway Fund	119.7	128.7	.....	5.02

Prices at Oct. 23. Next sub. day Oct. 30.

Barclays Unicorn Ltd.♥ (a)(c)(g)
Unicorn Ho. 252, Romford Rd., E7. 01-534 5544

Unicorn America	32.7	35.1	-0.4	1.89
Do. Aust. Acc.	145.8	157.6	+0.3	1.18
Do. Aust. Inc.	111.7	120.7	+0.2	1.18
Do. Capital	89.2	96.2	+0.9	4.63
Do. Exempt Tst.	134.6	140.2xd	+0.5	6.52
Do. Extra Income	30.2	32.6xd	+0.2	9.31
Do. Financial	113.7	122.2	+1.2	3.55
Do. 500	89.8	96.9	+0.4	6.75
Do. General	41.9	45.2xd	+0.2	5.57
Do. Growth Acc.	66.8	71.8	+0.5	4.15
Do. Income Trust	103.6	112.0	+0.9	7.01
Do. Prf. A'ns. Tst.	255.7	272.0	+1.2	3.97
Do. Recovery	56.6	60.8	+0.4	5.79
Do. Trustee Fund	150.2	161.5	+0.6	5.44
Do. W'Idwide Tst.	56.2	60.4	-0.1	3.73
B'tst.In.Fd.Inc.	83.6	87.0	+0.5	5.26
Do. Accum.	104.1	106.4	+0.7	5.26

Baring Brothers & Co., Ltd.♥ (a)(x)
88, Leadenhall St., EC3. 01-588 2830

Stratton Trust	247.0	257.4	.....	4.45
Do. Accum.	330.0	344.0	.....	4.45

Next sub. day Nov. 4.

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, EC2. 01-588 6280

B'gate. Pr. **Oct. 21	265.2	280.5	.....	4.55
Acc. Units **Oct. 21	332.0	351.1	.....	4.55
B'gate Int. Oct. 28	258.7	273.4	.....	2.48
(Accum.) Oct. 28	297.0	313.9	.....	2.48

Next sub. day Nov. 8. *Nov. 4.

Bridge Fund Managers (a)(c)
Regis Hse., King William St., EC4. 01-623 4951

Amer. Gen.	35.6	37.9	.....	1.58
Income*	58.3	63.4xd	-0.1	8.31
Capital Inc.†	58.4	62.2xd	.....	2.56
Do. Acc.†	68.9	73.3	.....	2.56
Exempt†	161.0	172.0	.....	6.59
Internl. Inc.†	21.6	23.0xd	.....	3.31
Do. Acc.†	26.0	27.7	.....	3.31

Dealing *Tues. †Wed. ‡Thurs. Prices Oct. 21/22/23.

Britannia/Schlesinger
Britannia Trust Management (a) (c) (g)
604, Salisbury Hse., 4th Flr., Finsbury Circus,
London EC2M 5QL. 01-638 0478/0479

Assets	96.8	104.1	+0.3	4.81
Capital Acc.	83.9	90.2	+0.3	3.71
Comm & Ind	69.2	74.3	+0.5	3.92
Commodity	174.8	187.9	+0.8	2.66
Domestic	53.2	57.3	+0.5	3.77
Exempt	137.5	144.7	+0.7	7.90
Extra Income	35.8	38.5	+0.1	11.27
Far East	34.0	36.5	.....	1.07
Financial Secs.	100.7	108.3		+0.71
Gilt	23.9	25.2	-0.3	11.90
Gold & General	246.7	265.3	+2.6	4.93
Growth	123.3	132.6	+1.4	3.60
Inc. & Growth	79.2	85.2xd	+0.3	7.88
Int'l Growth	82.2	88.9xd	+0.1	2.46
Minerals	105.7	113.6xd	+3.2	4.42
Nat. High Income	77.2	83.0xd	+0.3	10.15
Special Situations	42.3	45.5	+0.5	4.10
North American	36.0	38.1	-0.4	1.49
Professional	917.7	946.1	+5.5	4.01
Property Shares	26.1	28.0xd	-0.1	2.20
Shield	70.0	75.5	+0.7	3.45
Status Change	41.1	44.2	+0.3	4.09
Invest. Tst. Shares	67.0	72.0	+0.2	3.14
Univ Energy	93.1	100.1	+0.9	1.06

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)
140, South Street, Dorking. (0306)86441

Am. Exempt (z)	27.1	28.5xd	-0.2	1.56
Am. Growth (z)	35.6	38.3	-0.4	1.50
Am. Smaller Cos (z)	47.6	51.5	-0.4	0.51
Exempt High Yield	27.3	28.7xd	+0.1	9.30
Exempt Mkt. Ldrs.	35.9	37.8	+0.2	4.45
Extra Inc. Tst.	23.7	25.7xd	.....	11.28
Britannia Gilt	23.4	25.2	-0.2	12.90
Income Dist.	42.6	46.1	.....	11.68
Inc. 10% Wdrwl.	31.3	33.8	.....	—
Int. Tst. Units	33.9	36.8	+0.2	6.05
Intl. Growth	70.5	75.8	+0.4	1.60
Market Leaders	38.6	41.7	+0.3	5.37
"Nil Yield"	38.4	41.3xd	+0.3	—
Prf. & Gilt Trust	19.9	21.6xd	.....	13.67
Property Shares	48.1	52.3	+0.1	2.22
Special Sit. Tst.	55.7	60.5xd	+0.7	1.23
UK Grth. Accum.	28.6	30.9	+0.2	3.99
UK Grth. Dist.	23.6	25.5	+0.3	3.99

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	65.6	69.4xd	+0.5	5.74
BL Balanced*	62.2	64.4xd	+2.2	6.20
BL Dividend*	36.0	38.5xd	+0.4	10.19

Prices October 29. Next dealing November 5.

Brown Shipley & Co. Ltd.♥(a)(g)
Harlands Hse, Haywards H'th, Sx. 0444-58144

B.S. Units Oct. 28	293.0	310.6	.....	5.45
B.S. (Accum.) Oct. 28	402.9	427.1	.....	—
Financial	57.6	61.0	+0.4	3.66
Growth Accum.	75.3	79.6	+0.9	—
Growth Income	54.9	58.2xd	+0.7	5.04
High Income	26.2	28.5xd	+0.1	11.36
I.T.U.	27.3	29.9xd	+0.3	4.92
Income	26.0	27.6xd	.....	7.57
Index	31.7	33.6	+0.2	4.87
North American	25.8	27.4	-0.2	2.47
Performance	73.2	77.6xd	+1.0	3.85
Recovery	21.2	22.5	.....	8.10
Exempt	85.6	89.2	+0.5	5.38

Canada Life Unit Trst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts. P. Bar 51122

Can. Gen Dist.	49.1	51.7	+0.3	4.57
Do. Gen. Accum.	65.5	69.0	+0.4	4.57
Do. Income Dist.	34.5	36.3xd	+0.2	8.91
Do. Inc. Accum.	52.5	56.3	+0.3	8.91

Capel (James) Mngt. Ltd.♥
100, Old Broad St., EC2N 1BQ 01-588 6010

Capital	105.0	111.8	.....	3.55
Income	80.6	85.8	.....	8.82
North American	107.0	113.9	.....	2.32

Prices on October 15. Next dealing November 5.

Carr, Sebag Unit Trust Managers(a)
57-63, Princess St., Manchester 061-236 5685

Carr, Sebag Cap. Fd.	45.7	48.6xd	.....	3.00
Carr, Sebag Inc. Fd.	31.8	33.3xd	.....	9.15

Charinco Charities N/R Fund‡‡
15, Moorgate, London, EC2. 01-638 4121

Income Sept. 30		120.35	.....	11.63
D. Accum. Sept. 30		198.46	.....	11.63

Charities Official Invest. Fund‡‡
77 London Wall, EC2N 1DB. 01-588 1815

Income Sept. 16		158.37	.....	7.7
Accum. Sept. 16		376.39	.....	—

Chieftain Trust Managers Ltd.♥ (a)(g)
11, New St., EC2M 4TP. 01-283 2632

American (z)	27.6	30.0	-0.2	1.90
Far Eastern Tst. (z)	29.5	32.0	+0.1	2.24
High Income	34.1	37.0xd	.....	11.71
Intnl. Trust (z)	43.3	47.0	+0.1	1.92
Basic Resources Tst.	66.4	72.1xd	+0.5	7.8
Inrnt. Growth Tst.	24.0	26.0	+0.1	8.2
Pref. & Gilt Tst.	22.4	24.3	.....	13.45
Smaller Co's Trust	26.1	28.3	+0.2	3.89

Cloudarton Fund Managers(a)
57-63, Princess St., Manchester. 061-236 5685

Growth	17.2	18.5	+0.3	4.21
International	68.6	71.1	+0.7	2.25
High Income	31.1	33.6xd	.....	11.12

Confederation Funds Mgt. Ltd. (a)
50, Chancery Lane, WC2A 1HE 01-242 0282

Growth Fund		77.2	+2.7	3.89

For Cosmopolitan see Cloudarton Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	36.8	40.2xd	+0.2	11.20
North American	56.8	60.4xd	-0.7	2.85
Canadian Exempt*	62.3	65.9	-0.7	3.57
Canadian Trust	62.3	67.5	.....	7.65
Mid Mount High Inc.*	49.6	52.4	+2.0	9.20
Recovery	57.0	62.2xd	+0.4	6.93
Gilt Trust	45.2	47.3	-0.2	12.26

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	36.8	38.6	-0.1	0.96
Cres. Internat'l.	69.7	75.2	+0.3	2.33
Cres. High. Dist.	43.6	47.0	+0.3	10.36
Cres. Reserves	52.9	57.1	+0.4	5.25
Cres. Tokyo	24.0	25.9	+0.4	0.72

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.9	25.2xd	.....	13.20

Discretionary Unit Fund Managers
36/38 New Broad St., EC2M 1NU. 01-638 4485

Disc. Inc. Oct. 24	228.4	243.6	.....	5.60

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.4	19.3	.....	8.70
Gt. Winchester O'seas.	24.8	27.6	.....	4.05

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	85.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.1	93.7xd	+0.4	4.67

Fidelity International Management Ltd.
62-63 Queen St., London EC4 1AD 01-248 4891

American	30.3	32.8	-0.1	0.93
Gilt + Fixed Inc.	25.6	27.0xd	-0.3	12.09
Growth + Income	31.8	34.2	+0.1	7.10
Special Sits.	38.5	41.5	+0.2	2.09

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	36.0	38.7xd	.....	1.97
Accum. Units	44.6	48.0xd	.....	1.97
J. Finlay High Income	34.3	36.7xd	.....	10.72
J. Finlay Euro.Fin.	20.9	22.5xd	.....	3.75
Accum. Units	26.9	29.0xd	.....	3.75
J. Finlay Fd.In.Tst.	38.6	41.5xd	.....	6.01
Accum. Units	48.8	52.5xd	.....	6.01

Prices on Oct. 22. Next dlg. Oct. 29.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5ND. 01-628 5181

Amer. & Gen. Oct. 27	67.8	72.4	.....	0.91
Am. T'around Oct. 27	61.8	66.0	.....	1.81
Capital Tst.	59.2	63.2xd	+0.2	5.30
(Accum. Units)	61.6	65.8	+0.2	5.30
Extra Income Trust	51.4	54.8	.....	9.96
Income Tst.	40.4	43.0	+0.2	8.25
Int. Growth Fd.	55.2	59.0xd	-0.2	1.94
(Accum. Units)	59.2	63.2	-0.2	1.94

Friends' Provdt. Trust Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	61.7	65.9	+0.6	4.22
Do. Accum.	86.9	92.9	+0.8	4.22

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Oct. 16	136.3	140.6xd	.....	4.98
Gross Inc. Oct. 16	84.6	85.8	.....	10.96
High Yield Oct. 16	96.0	100.2	.....	10.38

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	152.2	163.6	+2.4	2.50
Do. Acc.	193.2	207.7	+3.2	2.50
G.T. Inc. Fd. Un.	206.0	221.4	+2.7	8.20
G.T. U.S. & Gen.	176.9	190.2	-3.6	2.10
G.T. Wld. Bd. Fd.	90.7	94.4	-0.7	6.90
G.T. Japan & Gen.	61.0	87.1	+1.7	1.80
ΦGt. Pens. Ex. Fd.	320.4	337.2	+5.6	2.20
G.T. Int'l. Fund	214.1	230.2	-1.7	2.00
G.T. Four Yds. Fd.	51.4	55.2	.....	7.10
G.T. Far East & Gen.	73.5	79.0	1.1	2.20

G. & A. Trust (a)(g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	44.7	47.7	+0.2	4.88

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	35.8	38.6	-0.6	0.42
British Tst. (Acc.)	85.5	92.0	+0.2	3.20
British Tst. (Dist.)	85.5	92.0	+0.2	3.20
Commodity Share	60.2	64.8	+1.0	3.31
Extra Income Tst.	22.4	24.1	+0.4	10.22
Far East Trust	47.1	50.7xd	-0.1	1.52
Gilt Trust	25.7	26.8	-0.1	12.21
High Income Tst.	56.1	60.9	+0.1	10.25
Income Fund	83.1	89.4	+0.5	7.04
Ins. Agencies	£18.19	19.55	+0.12	4.51
Intl. Exempt Fd.	118.9	129.6xd	+0.5	3.87
Intl. Tst. (Acc.)	50.6	54.4	.....	1.17
Special Sits. Tst.	39.6	41.7	+0.1	1.34

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	30.1	32.8	+0.4	10.80
Income	41.2	44.8	+0.3	10.20
Accumulation	88.7	96.5	+0.8	4.00
Growth	51.9	56.5	+0.6	4.40
UK Mkt. Leaders	57.0	61.3	+0.3	5.40
Small Co's	45.6	49.6	+0.8	5.60
Technology	65.7	71.5xd		+1.4
Private	56.3	61.2	+0.4	3.00
Intl. Ems. & Assets	60.1	65.4	+0.2	3.10
American	28.7	31.1	-0.4	1.30
Far East & Gen.	36.4	39.2	.....	1.40

Govett (John)
77 London Wall, EC2 01-588 5620

Stockholder Oct. 17	157.0	167.0	.....	2.52
Do. Accum. Unit	197.9	210.4	.....	2.52
St. European	72.4	75.7	.....	3.60

Next dealing October 31.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS 01-606 4433

Barrington Oct. 22	309.2	329.0	.....	4.69
(Accum. Units)	362.1	385.3	.....	4.69
Barrgtn. H.Y. Oct. 23	171.6	182.6xd	.....	10.42
(Accum. Units)	236.5	251.7	.....	10.42
Brghtn. Sm. Oct. 24	120.4	128.1	.....	4.85
Endeav. Oct. 28	326.0	341.4xd	-8.9	1.16
(Accum. Units)	352.0	368.5	-9.7	1.16
Granchtr. Oct. 24	104.8	110.1	.....	2.73
(Accum. Units)	113.5	119.2	.....	2.73
Ln. & Bruss. Oct. 22	74.0	77.8	.....	2.64
(Accum. Units)	83.4	87.5	.....	2.64

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange, EC3P 3DN 01-628 8011

(ag) Guardhill Tst.	133.4	138.2	+0.7	4.42

Henderson Administration (a) (b) (c)
Premier UT Admin., 5, Rayleigh Road, Hutton,
Brentwood, Essex. 0277 217238

U.K. Funds				
Cabot Capital Trust	175.6	189.4	+2.8	2.89
(Accum. Units)	225.7	243.6	+3.6	2.89
Cabot Recovery	50.1	53.6	+0.6	6.92
Cap. Growth Inc.	87.4	93.5xd	+0.3	2.00
Cap. Growth Acc.	93.4	99.9xd	+0.3	2.00
Inc. & Assets	40.7	44.0	+0.3	6.36
High Income Funds				
Cabot Income Trust	195.6	211.0	+3.3	5.99
(Accum. Units)	295.3	318.5	+5.2	5.99
High Income	65.8	70.4	+0.5	8.66
Cab. Extra Inc.	55.5	59.4xd	+0.1	9.98
Cab.Sm.Cos.Div.	41.3	44.2xd	+0.2	10.15
Cabot Pf. & Gilt	44.8	48.2xd	.....	13.51
Gilt Trust	50.1	52.2	-0.2	11.64
Sector Funds				
Financial & ITU	50.0	53.8	+0.3	1.98
Oil & Nat. Res.	68.2	74.1	+0.4	1.47
International				
International	47.8	53.7	+1.0	0.96
World Wide Oct. 29	154.9	164.8xd	.....	3.51
Overseas Funds				
Australian	86.6	94.1xd	+1.2	1.49
European	44.6	47.7xd	+0.2	3.09
Japan Trust	75.5	80.7	+1.7	0.82
Pacific Sm. Cos.	73.7	80.1xd	+0.4	1.55
North Amer.	45.0	48.6	-0.3	0.43
Cabot Am. Sm.	72.4	78.2xd	-0.4	0.57
Exempt Funds				
High Inc. Exempt(b)	—	100.0	.....	10.00
Smlr. Cos. (b)	142.1	148.0	+1.2	2.71
Euro. Exempt Oct. 24	118.8	123.7xd	.....	3.58
Japan Oct. 24	85.2	88.7	.....	0.82
North Amer. Oct. 24	151.4	157.7	.....	1.12

Hill Samuel Unit Tst. Mgrs.† (a)
45 Beech St., EC2P 2LX 01-628 8011

(b) British Trust	200.6	214.6	+1.5	4.47
(b) Capital Trust	37.8	40.5	+0.2	4.26
(a) Dollar Trust	77.1	82.5xd	-0.7	2.42
(g) Far East	26.0	27.9	+0.2	0.85
(b) Financial Trust	146.3	156.5xd	+1.2	3.83
(b) Gilt & Fxd. Int. Tst.	25.0	26.0	-0.1	11.71
(b) High Yield Tst.	26.4	28.3	+0.1	10.16
(b) Income Trust	27.5	29.5xd	+0.1	8.00
(g) Int'l Trust	37.1	39.7	.....	2.71
(b) Security Trust	63.6	68.1	+0.4	4.58
(b) Spec. Sits. Tst.	33.0	35.4	+0.2	2.98
Gen. Exempt Oct. 15	£159.0	169.0xd	.....	4.89

Investment Intelligence Ltd.♥ (a)(g)
15, Christopher Street, E.C.2. 01-247 7243

Intel. Amer. Tech. Fd.	60.5	64.4	-0.8	0.20
Intel. Inc. & Growth	29.5	31.7	.....	7.90
Intel Pacific Fund	86.0	91.6	+0.5	1.40
Intel Small Co's Fd.	90.8	96.6	-0.2	4.80

Key Fund Managers Ltd. (a)(g)
25, Milk St., EC2V 8JE. 01-606 7070

Key Energy In.Fd.	201.0	213.8	+2.2	1.61
Key Equity & Gen.	85.7	91.1	+0.1	5.30
ΦKey Exempt Fd.	216.6	230.5xd	.....	6.42
Key Income Fund	74.9	79.6	+0.1	9.74
Key Fixed Int. Fd.	50.7	54.0	-0.6	13.85
Key Small Co's Fd.	152.5	162.3	+1.7	5.11

Kleinwort Benson Unit Managers♥
20, Fenchurch St., EC3 01-623 8000

K.B. Unit Fd. Inc.	116.5	126.7	.....	5.65
K.B. Unit Fd. Ac.	160.4	174.4	.....	5.65
K.B. Fd. Inv. Tsts.	79.6	86.3	.....	3.97
K.B. Fd. In. Tst. Acc.	86.7	94.1	.....	3.97
KB Smlr Co's Fd Inc.	56.3	60.6xd	.....	6.41
KB. Sm. Cos. Fd. Acc.	61.1	67.0	.....	6.41
KB High Yld. Fd. Inc.	52.9	57.6	.....	9.50
KB High Yld. Acc.	60.4	65.7	.....	9.50

L. & C. Unit Trust Management Ltd.♥
The Stock Exchange, EC2N 1HP. 01-588 2800

L&C Inc. Fund	154.5	159.3	.....	10.22
L&C Intl & Gen Fd.	132.1	136.2	.....	2.46

Legal & General (Unit Tst. Mngrs.) Ltd.♥
5 Rayleigh Rd., Brentwood 0277 217238

Equity Trust Oct. 14	88.3	93.5	.....	4.43
(Accum. Units)	120.2	127.4	.....	4.43

Next sub. day November 12.

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Leo Distribution	116.3	123.4	+4.0	1.87
Leo Accum.	136.0	144.3	+4.6	1.59

Lloyds Bk. Unit Tst. Mngrs. Ltd.♥ (a)
Registrar's Dept., Goring-by-Sea,
Worthing, West Sussex. 01-623 1288

Balanced	71.0	76.3	+0.4	4.60
Do. (Accum.)	105.6	113.5	+0.5	4.60
Extra Income	62.5	67.1	+0.3	9.43
Do. (Accum.)	81.0	87.0	+0.3	9.43
Income	92.3	99.2xd	+0.3	7.35
Do. (Accum.)	144.3	155.1	+0.6	7.35
Int. Technology	62.6	67.3	+0.5	0.83
Do. (Accum.)	62.6	67.3	+0.5	0.85
Small Cos. & Rcy.	51.2	55.0xd	+0.4	4.65
Do. (Accum.)	52.5	56.4	+0.4	4.65
Worldwide Gwth.	78.9	84.8	+0.2	2.24
Do. (Accum.)	103.7	111.5	+0.3	2.24
ExemptΦ Oct. 7	114.6	129.5xd	.....	7.23

ΦUnauthorised. For tax exempt funds only.

Lloyd's Life Unit Tst. Mngrs. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Equity Accum.	243.2	256.0	.....	4.68

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815

Prop. Fund Sept. 30		144.00	.....	6.52
Wider Fund Sept. 30		209.60	.....	5.70
Narrower Fd. Sept. 30		77.75	.....	12.77

*Unauthorised. Available only to Local Authorities.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

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91	82¼	Aust. 5½pc '81-82	90½	......	6.10	13.17
85¼	72½	Do. 6pc 1981-83	85	+¼	7.27	13.03
67¾	58	N.Z. 7½pc 1988-92	67½	......	11.11	13.13
82¾	72	Do. 7½pc '83-86	82¼	......	9.44	12.70
96¾	88	Sth. Africa 9½pc '79-81	94½xd	......	10.02	15.13
160	95	S. Rhod. 2½pc Non-Ass.	101	+1	—	28.45
169	133	Do. 6pc '78-81 N.-As.	149	+1	—	25.35

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TEXTILES

[illegible]

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[illegible]

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[illegible]

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Finance, Land, etc.

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[illegible]

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[illegible]

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[illegible]

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[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

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Africa

[illegible]

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Central Rand

[illegible]

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[illegible]

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[illegible]

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[illegible]

Finance

[illegible]

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[illegible]

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MINES—Continued

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[illegible]

Tins

[illegible]

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250	130	Messina R0.50	260	+35	Q18c	♦	2.2

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130	78½	Anglo-Dominion	151	-2	—	—	—
57	51	Barymin	56	-1	—	—	—
17	12	Burma Mines 10p	15	......	0.62	1.1	6.0
325	53	Colby Res. Corp.	322	......	—	—	—
500	250	Cons. Murch. 10c.	260	......	Q30c	1.8	6.6
110	20	††Hemerdon 10c.	95	......	—	—	—
535	325	Northgate C$1	497	-3	—	—	—
526	322	R.T.Z.	475	-5	16.0	3.2	4.8
49	16	Robert Mines	37	+2	—	—	—
133	91	††SPO Minerals 10p	128	......	—	—	—
38	26	Sabina Inds. C$1	37	-3	—	—	—
51	31	††SWCM 10p	39	......	—	—	—
650	411	Tara Exptn. $1	540	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ♣ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	38	......	Conv. 9% '80/82	£93	......
Bertam	15	......	Nat. 9¼% 84/89	£81½	......
Bdg'wtr. Est. 50p	400	......	Fin. 13% 97/02	£88	+¼
Craig & Rose £1	£11	......	Alliance Gas	51	......
Fife Forge	37	......	Arnott	210	......
Finlay Pkg. 5p	27	......	Carroll (P.J.)	77	-3
Graig Ship. £1	£22	-1	Clondalkin	100	-6
Higsons Brew	67	......	Concrete Prods.	85	......
Holt (Jos) 25p	283	......	Heiton (Hldgs.)	33	......
I.O.M. Stm. £1	162	+4	Ins. Corp.	310	......
Pearce (C. H.)	570	+10	Irish Ropes	37	......
Peel Mills	49	......	Jacob	31½xd	......
Sheff. Refrshmt	95	......	T.M.G.	62	......
Sindall (Wm.)	141	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	25	Utd. Drapery	8½
A. Brew	7	"Imps"	6½	Vickers	12
BOC Intl.	8	I.C.L.	16	Woolworths	5½
B.S.R.	4½	Inveresk	5	**Property**	
Babcock	8	Ladbroke	24	Brit. Land	8
Barclays Bank	40	Legal & Gen.	20	Cap. Counties	11
Beecham	12	Lex Service	10	Land Secs.	35
Blue Circle	30	Lloyds Bank	28	MEPC	28
Boots	20	"Lofs"	4	Peachey	17
Bowaters	17	London Brick	6	Samuel Props.	18
B.A.T.	25	Lucas Inds.	17	Town & City	2¼
Brown (J.)	8	"Mams"	15	**Oils**	
Burton 'A'	10	Mrks. & Spncr	9		
Cadburys	6	Midland Bank	32	Brit. Petroleum	50
Courtaulds	8	N.E.I.	7	Burmah Oil	20
Debenhams	8	Nat. West. Bank	32	Charterhall	13
Distillers	17	P & O Dfd.	12	KCA	25
Dunlop	4	Plessey	22	Premier	13
Eagle Star	24	Racal Elect.	30	Shell	40
F.N.F.C.	5	R.H.M.	4	Tricentrol	40
Gen. Accident	32	Rank Org.	16	Ultramar	50
Gen. Electric	50	Reed Intnl.	18	**Mines**	
Glaxo	22	Sears	5		
Grand Met.	14	Tesco	6	Charter Cons.	30
G.U.S. 'A'	42	Thorn	28	Cons. Gold	65
Guardian	32	Trust Houses	18	Lonrho	11
G.K.N.	18	Tube Invest.	21	Rio T. Zinc	45
Hawker Sidd.	20	Unilever	42		
House of Fraser	35	U.D.T.	5		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Wednesday October 29 1980

Civil service unions protest at pay move

BY PHILIP BASSETT, LABOUR STAFF

CIVIL SERVICE unions decided yesterday on a preliminary bout of action against the Government's decision to suspend for this year the comparability-based agreement covering all 550,000 white-collar civil servants.

The unions may also try, on the basis of legal advice, to insist on delivery of pay comparability reports from the Pay Research Unit.

The unions are to hold a series of protest meetings next month. At the same time they are seeking legal advice on whether the Government had the right to suspend the agreement.

General secretaries of all civil service unions decided yesterday that while they would avoid any widespread industrial action until their pay claims are submitted in the New Year, they would call on all members to attend next month's meetings.

The unions' industrial action co-ordinating committee will now decide how far the meetings should aim to be disruptive, and which major centres should be involved as well as London.

Mr. Bill Kendall, secretary-general of the Council of Civil Service Unions, and Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, took legal advice on whether the Government could force the independent Pay Research Unit to withold its pay comparability reports, due to be presented to the unons from November 15.

The union's questioning will form a large part of a protest letter to Lord Soames, the Lord President of the Council, and Minister in day-to-day charge of the Civil Service. The letter is expected to be approved by the major policy committee of COCSU at a special meeting today.

The aim of the Government's suspension was to prevent the Pay Research reports being used by the unions as a weapon in a pay campaign, since they will shop due rises substantially higher than the amount provided for pay i nthe forthcoming cash limit.

As well as expressing their anger at the suspension, the unions are expected to make clear their concern for the impartiality and independence of the Pay Research Unit, which they feel have been jeopardised.

Lord Soames said last night resolved "by pretending they are not there and resorting to industrial action."

Speaking in the House of Lords to a local Conservative association, Lord Soames denied that the Civil Service was being victimised. It would be quite wrong, though, for the Government to add to the difficulties currently facing private industry "by allowing excessive pay settlements in the coming months in the public services."

Xerox sues Iran for $84m loss

BY DAVID LASCELLES IN NEW YORK

XEROX, the U.S. copier maker, and its British affiliate Rank Xerox, which is 49 per cent owned by the Rank Organisation, have accused Iran of expropriating a company. Compensation of $84m is being sought.

The action is believed to be the largest of two hundred suits being filed in the U.S. courts against the Iranians by business interests.

The Xerox suit, filed in a Federal court in New York, comes at a delicate moment in the efforts of the U.S. authorities to release the 52 embassy hostages. But Xerox denied yesterday that its timing was political.

Control

The company alleged to have been expropriated is Rank Xerox Iran. It was set up eight years ago as a 75-25 per cent venture by the Xerox companies and a local Iranian concern called Technisaz, headed by the brother-in-law of the late Shah.

It sold, leased and serviced copiers made by Rank Xerox in the UK and Holland. The venture was operated by Rank Xerox.

A Xerox legal representative said from the company's headquarters in Stamford, Connecticut, that the alleged expropriation happened in mid-July when Rank Xerox lost effective control of the concern.

The suit, which is being brought jointly by Xerox, Rank Xerox and Rank Xerox Iran, names as defendant The Bonyad Mostazafin Foundation. Xerox says the foundation was apparently set up by the revolutionary government to acquire assets belonging to the family of the late Shah.

The legal representative said the $84m claim consisted of $62m for the company as a going concern and the balance to cover inter-company indebtedness and other outstanding items.

THE LEX COLUMN

Reed responds to the recession

Reed International's half year profits, are down from £50.1m to £27m pre-tax, and on a current cost basis there is a small attributable loss. However, trading conditions in the UK do not seem to be deteriorating much further, and the group is taking resolute action over its main trouble spots. The balance sheet remains sound, and the dividend does not seem to be in any danger.

After allowing for the impact of strikes on the first quarter and of seasonal influences and closure costs on the second, there has been little change in UK trading profits over the two periods. The paper making and wallcovering activities have made a current cost operating loss of £18m in the half year, and Reed is now shutting a third of its newsprint capacity. Large parts of its liner and wallpaper output are also being chopped. The rest of the UK operations seem soundly based, with current cost operating profits of £11m, and the Canadian newsprint business continues to do well.

If Reed gets a decent run, historic cost profits for the year could be somewhere between £60m and £70m pre-tax, compared with just under £100m last year. It is not clear whether the UK paper business is yet on a viable basis — it remains some way from break-even at today's exchange rates — and the timing of any general recovery in the UK consumer markets is an open question. All the same, a dividend yield of 9¾ per cent at 195p looks fair value at this stage of the cycle.

No relief

That old interest rate carrot, already so stale and whiskery, appears to have been withdrawn almost out of sight of the blinkered donkey. The Prime Minister confirmed rather more directly in the Commons yesterday what the Chancellor had hinted at on Monday night: that there is no immediate scope for a cut in Minimum Lending Rate. The statement came on a day when further rises in dollar interest rates were causing ripples on the foreign exchanges, and late in the afternoon period sterling rates were markedly higher. Paradoxically, though, discount house call rates were easier again — down to around 14 per cent at one stage — as various overlent banks continued to take measures to build up their holdings of reserve asets to required levels.

Index fell 0.6 to 495.5

So there is little early relief in sight for beleaguered British industry, whose latest agonies are detailed in the October CBI Industrial Trends Survey. Orders and output have continued to fall steeply, and confidence continues to be at a dismally low level. There is, however, a chink of light in that confidence is not deteriorating quite as fast as in the July survey, which could be read as an early indication that the bottom of the cycle is near. More tangibly, industry is now succeeding in running down its stocks of finished goods, after a period of many months in which manufacturers have been trying to do so, but failing. With further big stock reductions planned, the scene could reasonably soon be set for a marked reduction in the financial pressures on industry—so long as the public sector manages to tighten its belt too.

Harrisons & Crosfield

A fairly buoyant performance at the trading level has been undermined at Harrisons and Crosfield by a jump in interim interest charges from £1.8m to £6m. So pre-tax profits have shown a marginal decline from £26.9m to £26.5m. The main element in the 13 per cent improvement in plantations profits has been a jump of a fifth in the palm oil crop, which has more than compensated for lower prices. In spite of a squeeze in the current half, plantations profits for the full year may still be ahead. Elsewhere, both chemicals and timber are likely to be lower in spite of better first half results. However, the rights issue cash received in July should allow interest charges in the current half to be held at about £2m, so full year profits may be only a little short of the £58.4m achieved last year.

But earnings per share are likely to emerge about a tenth lower than last year. The threat of a change of status in its Malaysian assets still hangs over the group, which remains keen to make further acquisitions. Even stripping out the very highly rated Harrisons Malaysian Estates, the prospective p/e is about 13, fully-taxed at 75p.

Tozer Kemsley

The attempt to replace the lost earnings from the BMW franchise through the acquisition of Wadham Stringer has hardly proved a short-term success for Tozer Kemsley. Instead of the £7.5m or so contribution from the franchise in the whole of last year, Wadham's impact has been to reduce overall profits by about £3m in the first half this time. In the circumstances the group's other businesses have performed extremely well to hold the total pre-tax decline at the interim stag to a third, at £4.6m. But the level of debt is now proving burdensome—and it would not be surprising to see the group topping up its equity, perhaps by means of a disguised rights issue via the takeover of an investment trust. Full year profits may be in the region of £12m, against £16m, producing a prospective p/e of about 6, fully-taxed, and a yield of 11 per cent.

Weather

UK TODAY

Cloudy with rain or drizzle in the South; brighter weather, with scattered showers, in the East spreading southwards. Temperatures near normal.

London, E. Anglia, Midlands, Channel Islands, N.W. England, Lake District, Isle of Man, S.W., N.W. Scotland, Ulster

Occasional rain or drizzle. Max. 15C (59F).

S.W., S.E., C.S., E., C.N., N.E. England, Borders, C. Highlands, N.E. Scotland, Orkney, Shetland

Cloudy, light rain or drizzle at first, becoming mostly dry and brighter. Max. 15C (59F).

Wales

Mostly dry, sunny intervals. Max. 14C (57F).

Outlook: Dry with sunny intervals, occasional rain in extreme North-West.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	19	66	Lisbon	F	19	66
Alxndria	C	27	81	Locarno	S	16	61
Algiers	S	23	73	London	C	17	63
Amsdm.	C	17	63	Los Ang.	S	23	74
Athens	C	17	63	Luxmbg.	S	14	57
Bahrain	S	29	84	Luxor	S	36	97
Barclna.	S	21	70	Madrid	F	20	68
Beirut	S	28	82	Majorca	S	22	72
Belfast	F	12	54	Malaga	S	22	72
Bolgrd.	S	15	59	Malta	S	22	72
Berlin	S	17	63	M'chstr	C	13	55
Biarritz	F	25	77	Manila	C	28	82
Bmghm	C	14	57	Melbne.	C	16	61
Blackpl.	C	13	55	Mex C	S	25	77
Bogota	S	19	66	Miami	C	26	80
Bordx.	S	21	70	Milan	S	15	59
Boulgn.	C	15	59	Mntreal.	C	6	43
Bristol	R	14	57	Moscow	C	1	34
Brussels	C	16	64	Munich	S	18	64
Budpst	C	12	54	Nairobi	C	26	79
B. Aires	S	28	82	Naples	S	21	70
Cairo	S	31	88	Nwcstl.	C	14	57
Caracas	S	30	86	N York	R	8	46
Cardiff	R	13	55	Nice	S	19	66
Can'b'ca	S	26	79	Nicosia	F	26	79
Chicago	S	6	43	Oporto	F	20	68
Cologne	S	19	66	Oslo	Fg	4	39
Cpnhgn.	R	12	54	Paris	F	18	64
Corfu	S	25	77	Perth	S	21	70
Delhi	C	31	87	Prague	S	19	66
Dublin	F	13	55	Reykjvk.	R	2	36
Dbrvnk.	S	21	70	Rhodes	S	25	77
Ednbgh.	C	13	55	Rio J'o	S	40	104
Faro	F	22	72	Riyadh	S	30	86
Florence	S	18	64	Rome	S	20	68
Frankft.	S	15	59	Salzbrg.	S	17	63
Funchal	C	22	72	S F'cisco	S	20	68
Geneva	S	13	55	S. Paulo	C	32	90
Gibraltar	F	20	68	Seoul	S	10	50
Glasgow	C	12	54	Singapr	S	32	90
G'rnsey	C	16	61	Stckhm.	F	5	41
Helsinki	R	1	34	Strasbg.	S	18	64
H Kong	C	25	77	Sydney	F	12	54
Honolulu	S	31	89	Tangier	F	25	77
Innsbrk	S	16	61	Tapei	S	24	75
Invrnss	S	11	52	Tel Aviv	S	29	84
I o Man	C	13	55	Tenerife	F	25	77
Istanbul	C	17	63	Tokyo	S	19	66
Jakarta	R	33	91	Toronto	C	6	43
Jeddah	S	33	91	Tunis	S	22	72
Jersey	F	16	61	Valencia	S	23	73
Jersulm.	S	28	82	V'couver	C	12	54
Jo'burg	S	25	78	Venice	S	19	66
Kiev	C	4	39	Vienna	S	13	55
L. Plms.	S	26	79	Warsaw	C	16	61
Lima	C	18	64	Zurich	S	15	59

C—Cloudy F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet Sn—Snow.

Continued from Page 1

CBI survey

The survey also confirms other reports that manufacturing industry has been more successful than had been expected in coping with corporate liquidity problems. It has done this mainly by cutting investment, stocks and by employment.

Khomeini remains silent on U.S. hostage crisis

BY OUR FOREIGN STAFF

AYATOLLAH KHOMEINI, Iran's religious leader, apparently declined yesterday to become further involved in the U.S. hostage crisis. In a speech delivered to members of the Iranian Parliament, he made no reference to the issue, but made hard-line ocmments about the war with Iraq.

His failure to mention the fate of the 52 hostages was interpreted in Tehran as an expression of his intention to let the parliamentary debate on the issue continue its fractious course. There have been two days of secret discussions so far. The debate is to resume today.

According to some MPs, the debate has concentrated on whether additional conditions should be made for the hostages' release, besides those set last month by Ayatollah Khomeini. He said then that they could be freed if the Shah's wealth were returned, the freeze on Iranian assets lifted, legal claims dropped and the U.S. promised not to interfere in Iran's internal affairs.

In an hour-long, mainly philosophical, speech marking a Moslem holiday, the only political reference from the Ayatollah was to rule out again any compromise in the war with Iraq. "Peace is not possible because of the crimes committed by Iraq," he said.

Iranian forces are said still to be in control of one side of a bridge leading from the port city of Khorramshahr to the refinery town of Abadan, both of which are encircled.

Iran says it is counter-attacking several hundred miles further north around the border town of Qasr-e-Shirin, which Iraq seized at the beginning of the war five weeks ago. Tehran radio reported that its forces have recaptured the hills overlooking the town, and have beaten off Iraqi helicopters which tried to land troops.

Iraq reported that Iranian aircraft yesterday raided the northern cities of Kirkup and Mosul, and claimed that one had been shot down. It said Iraqi helicopter gunships had attacked all along the front, and 27 tanks and armoured personnel carriers had been destroyed.

King Hussein of Jordan returned home yesterday after a two-day visit to Baghdad. He reiterated his country's support for Iraq but stopped short of committing his own forces to the battle.

Whitbread Portugal move in trouble

By Diana Smith in Lisbon and Christine Moir in London

AN £18m (£7m) bid by Whitbread, the brewing group, to acquire just over half of Sogrape, a Portuguese company which produces Mateus Rosé and Vinho Verde wines, has run aground over Portugal's foreign investment rules.

Senior directors of Whitbread flew to Portugal last night for last ditch attempts to save the deal but a spokesman admitted: "It now seems unlikely that the acquisition will go through."

Sogrape is a private company owned by branches of the Guedes family. Some months ago Whitbread approached Sogrape with takeover proposals.

These won favour with some branches of the family holding 52.9 per cent of the equity, but met implacable opposition from Sr Fernando Guedes and is son who, though only minority shareholders, run the company.

Sr. Guedes and his supporters, the northern branch of the family, informally sounded out the Portuguese Government as part of their defence.

They were advised that under Article 7 of the Foreign Investment Code foreign concerns were not alowed to acquire a majority share in a Portuguese company "unless this is of specific benefit."

It was made clear to the shareholders who favoured Whitbread's offer that it might be difficult to make out a definite case for "the benefit likely to accrue" from Whitbread's ownership.

At the same time the "Northern Guedes" made a counter-offer to the holders of the majority interest matching the Whitbread offer.

The counter-offer is still conditional on court approval and details of a financing package, but has already won acceptance from the shareholders involved.

The Portuguese Government's tacit support for Sogrape's defence is not thought to be entirely unconditional, however.

The company, which has an annual turnover of $40m (£11m) and a significant international market share in "green" and rosé wines, is being encouraged to consider a public flotation.

At that stage, it is said, Portugal would welcome a strong minority interest from a foreign concern which would be in a position to help Sogrape "dynamise its marketing methods."

Go-ahead likely for steel curbs

THE EEC is now likely to adopt unanimously a system of compulsory curbs on steel production up to the middle of next year at a special meeting tomorrow of the Council of Ministers in Luxembourg.

Officials believe there is more than a 90 per cent chance that West Germany will drop its objections, following new proposals for the treatment of special steels under the scheme.

There is also confidence in Bonn that the wrangling that has delayed the introduction of the scheme for more than a month is now at an end.

The settlement under discussion last night between the Commission and representatives of the EEC's special steels producers aims at removing small-to-medium independent steel campanies—most of which produce special steels—from the restrictions of the crisis regime.

West Germany's objections of principle to the plan have been whittled down in negotiations to the more comercial con cern that its large special steels sector, including many independent producers, could he hit hard by the regime.

A meeting of the EEC Council of Ministers was stalled last Saturday by West German demands that special steels should be exempted.

The UK and Belgium protested strongly that, under certain definitions of what constitutes special steel, up to 40 per cent of the EEC's steel production could thus be removed from the new disciplines.

The proposed settlement is now understood to be that instead, small producers with an annual output of up to 2,000 tonnes should no longer be affected.

Originally, mandatory controls were to be imposed on all companies producing over 1,000 tonnes. Adjustment of the ceiling under this deal is expected to exampt a high proportion of the smaller special steels producers,, which account for almost 40 per cent of West German special steels output.

Senior Commisson officials now expect that tomorrow's Council of Ministers' meeting will, after three earlier failed attempts this month, give the go-ahead to the scheme which, under Article 58 of the European Coal and Steel Community's Paris Treaty, makes Brussels the overloard of the EEC steel industry with special powers to enforce production cutbacks.

The quotas governing output by each of the steel producing companies to be included in the regime are expected to be publishd early next week.

Continued from Page 1

Reed

fell from £38.4m to £13.1m. After allowing for the effects of inflation, Reed made a Current Cost Accounting (CCA) operating loss of £7m, compared with a £19.8m profit in the same period last year. But its overseas operations increased their CCA profits by 9 per cent to £12m.

The majority of Reed International's businesses in the UK operated profitably in the first half, but its papermaking operations have been hard hit by the combination of high exchange rates, high energy costs and the recession in the packaging industry.

The group's losses in UK papermaking are concentrated heavily in its newsprint and waste-based liner (used for ardboard boxes) operations, both of which compete with imports.

In an effort to stem its losses in these areas, Reed is making redundant 700 of the 1700 workforce at its Aylesford plant. It is also closing three of Aylesfords nine paper making machines and reducing its capacity by 40 per cent.

The problems affecting Reed's slightly different. This side of wall-covering operation is the business, which accounts for more tha nathird of the UK indsutry, lost £10m last year. There is extensive over capacity and the market is suffering from incerasing competition from paint.

Reed has made a number of management changes in its wall-coverings operations. It closed one mill and sold another. As a result the losses are being reduced.

By contrast, its Quebec newsprint mill is flourishing and the performance of its UK newspapers and its building companies in Europe is described as "satisfactory."

The group has declared an unchanged interim dividend of 4p per share. Its shares closed 3p higher at 195p.

IATA tells UK how to pay for airports

BY MICHAEL DONNE IN MONTREAL

MEMBER AIRLINES of the International Air Transport Association have asked Mr. John Nott, Secretary for Trade, to allow the British Airports Authority to raise loans on the open market to pay for developments at airports rather than continually increase its charges to the airlines.

The executive committee of IATA at its annual meeting in Montreal approved a policy statement to the Minister, also asking him to reduce the Airports Authority's financial target, now 6 per cent return on net assets revalued at current costs, equivalent to about 25 per cent on a historic costs basis.

The airlines want "more modest requirement compatible with a monopoly industry."

The BAA has said that the average 35 per cent increase in "user charges" imposed last April was necessary to meet a planned £700m spending programme in the next five years, and its financial target, without outside borrowing.

IATA airlines are asking for establishment of consultative machinery to allow the airlines, as prime users of British airports, to influence the BAA's capital investment programmes for airports before investment decisions are taken.

The airlines want to see how the Authority's investment programmes could be reduced.

This latest development in the dispute between the airlines and BAA over soaring "user charges" follows the recent decision by a group of 18 airlines using Heathrow to sue BAA for "excessive and illegal charges."

Pan American World Airways has started a separate legal action against the Authority.

IATA has stepped into the row because of its increasing concern over the worldwide rise in airport "user charges."

It believes that if this trend is not checked it could seriously damage airlines in the long run, especially when "the financial health of the industry is rapidly deteriorating."

"User charges" have become one of the major themes of this year's annual meeting of IATA, though concern over fuel prices remains the dominant issue.

The association is preparing a detailed study of the way in which these charges, including landing fees, aircraft-parking fees and en route navigation charges, hit the airlines.

The other major world aviation body, the International Civil Aviation Organisation, aviation technical agency of the United Nations, will hold a conference on "airport and route facility economics" in Montreal next March, when it is hoped a worldwide charging policy for airport and en route costs can be hammered out.

Continued from Page 1

Oil costs

at the possibility of an agreement on increased purchases from Kuwait.

But the major oil companies might find it mode difficult to turn down offers of extra crude at premium prices because oil stocks are beginning to fall with the onset of winter, and because of the war's effect on prices.

Saudi Arabia has apparently decided to market the bulk of her incremental production through the four U.S. majors. Kuwait is believed to prefer approached international State - to - State deals, but has also approached international companies.

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